BULLETIN

MADRAS DEVELOPMENT SEMINAR SERIES

VOLUME V No. 12 SPECIAL NUMBER DECEMBER 1975

74, SECOND MAIN ROAD, GANDHINAGAR,
ADYAR, MADRAS-600020.

MONTHLY BULLETIN

Vol V No 12

CONTENTS

1. Editorial—Some Highlights

I. General Economic Scene ... 648

II. Agricultural Development ... 667

III. Industrial Development ... 672

IV. Education, Science and Health ... 675

V. Employment ... 679

VI. Other Items ... 680

2. The Economics of Election ... 683
by T. V. Natarajan

3. Some thoughts on Mid-year review of Tamil Nadu Economy ... 696

SPECIAL SECTION

1. Annual Report of the Madras Institute of Development studies—1975 ... S. 24—31

2. Statement of Social Scientists at the ICSSR Workshop on Poverty with special reference to regional planning as a means of Attack Against Poverty, held at Mysore, from 4 to 11 May 1975 ... S. 32—34

3. Regional Planning with special reference to the Attack Against Poverty—some methodological issues—A note of assessment of the Workshop
—By Dr. G. Parvathamma ... S. 35—39

4. Regional Planning with special reference to the Attack Against Poverty—some methodological issue—(Anthropology)
—By Dr. Gopala Sarana, Ph. D. (Harward) ... S. 40—47

5. Regional Planning with special reference to the Attack Against Poverty—some methodological issues—(Economics)
—By B. Sarveswara Rao and
D. V. Raghava Rao ... S. 48—56

DITORIAL—SOME HIGHLIGHTS

1. General Economic Scene

State :

State's relative economic status: In the next issue of the Bulletin, the government's Economic Appraisal of the State for 1974 which was published in late October will be reviewed. The State was coming out of the drought months with continued plentiful rains in October, within some parts, like Thanjavur district, the continuous rains posing some risk to the standing crops. Madras City's water supply continued to improve, with the total storage at Red Hills, Poondi and Sholavaram being 16,000 million gallons by mid October against the 40,000 million gallons capacity. The Red Hills storage was 10,000 million gallons and as a result the water supply position in the city has returned to near normal. Prices have stabilised and essential goods supply have also improved. The government announced from November 1, that the monthly quota of rice to the Rs. 500 and above income earners would be doubled from 10 kgs to 20 kgs at Rs. 2.50 per kg and extending its operation beyond Madras, Coimbatore and Madurai to include Tiruchi and Salem. Also cholam purchased from other States at Rs. 2 per kg and sold by the government at Rs. 1.60 and later at Rs. 1.40 was offered in rural areas at Re. 1 per kg. The government also negotiated a cut in the price of bread from Rs. 1.60 per loaf to Rs. 1.23. To bring down oil prices, the government announced in October the take over of inter-State trade in oil seeds to prevent hoarding and selling in high price Northern markets. In the State, the co-operatives play a useful role in running the fair price shops and this could be further strengthened by rationalising their purchasing system and helping them to maintain standardised inventories of the essential goods. Despite these sound short term alleviatory measures, there is reason for concern about the relative economic performance and status of the State as revealed in the monthly CSO statistics, the RBI Survey of Rural Indebtedness for 1971 (published in July 1975), and the latest 22nd round of NSS. First the CSO monthly publication shows that the State has been particularly hit by the point of hyperinflation. It shows that the all India all commodities price index increased by 40 per cent between 1972 and September 1974 and fell by 5 per cent upto May 1975, the all India industrial workers index rose by 45 per cent from 1972 to September 1974 and fell by 3 per cent up to May 1975, while the Tamil Nadu industrial workers index which rose only by 30 per cent between 1972 and September 1974 but rose further by 6 per cent up to May 1975. Again the All India agricultural workers index rose by 60 per cent between 1972 to September 1974 but fell by 6 per cent upto May 1975, the Tamil Nadu agricultural workers index rose fractionally by 4 per cent in 1972-73, but jumped steeply by 66 per cent upto September 1974 and continued rising by 9 per cent upto May 1975. Both at the All

India and State level, the relative harsher impact of the hyperinflation bout on rural levels of living should be noted, together with the very heavy burden caused by the price rise in rural Tamil Nadu, which, because of the drought and its varied consequences including the 25 per cent decline in food grains production and the severe power cut which reached 100 per cent for a period in 1975 (see Vol V p 333), acted particularly harshly on the rural sector. Equally disturbing is the secular trend in consumer expenditure in the State revealed by the 22nd round of the NSS. Whereas in round 18 (early sixties) per capita rural consumption expenditure placed Tamil Nadu in the 6th position among 15 States (after Punjab, Kashmir, Assam, West Bengal and Union Territories), in the 22nd round (1967-68) the State dropped to the 14th place, just above Kerala which had the lowest ranking. Though these raw NSS figures need to be further analysed, the trend is disturbing. Similarly while the State domestic product at current prices shows Tamil Nadu in the 5th place both in 1960-61 and 1970-71, the distance between the relative levels as between the States have widened. A major explanation to this impact of growth on rural levels of levy may be seen in the RBI's 1971 All India debt and investment survey which shows (a) sharp inter-State inequalities in rural assets holding, the average assets of a rural household being Rs. 31,833 in Punjab, Rs. 27,138 in Haryana and Rs. 11,615 in Kerala while in Tamil Nadu it is Rs. 6,826, (b) the percentage of rural household in the above Rs. 5,000 group is 85 per cent, 65 per cent and 61 per cent in Himachal Pradesh, Haryana and Rajasthan but is only 32.27 in Tamil Nadu, (c) about 16-20 per cent of households control over 70 per cent of assets in Tamil Nadu, Andhra Pradesh and West Bengal, per contra 38 per cent of Tamil Nadu households control just above 24 per cent of the assets, and (d) not unsurprisingly the small cultivator, landless labourer and artisan have a very low assets position. In Tamil Nadu 84 per cent of agricultural labourers belong to the 2 lowest assets group—below Rs. 1,000. The pattern of rural inequality in the State revealed by this study is a serious one and calls for re-examination of the growth models and their applications in the State.

Power: The Rs. 475 crores Tamil Nadu Electricity Board loan maturing in 1985 was opened and closed on October 20 as it was oversubscribed. The power position in the State is comfortable as noted in the last issue (pp 575-576) and will be normal for this year. The vigilance cell in the Board started functioning on October 1 to check malpractices, investigate thefts of energy and materials, and attend to complaints from the public. As part of the administrative decentralization of the Board's functioning, large electricity systems are being bifurcated. A new system—the Udumalpet Electricity system comprising some of the areas of Pykara, Erode and Madurai systems in Udumalpet, Pollachi, Dharmapuram and Palani taluks, has been created with headquarters at Udumalpet. The State's power position for this year being satisfactory, the problem will be for the intervening 3 years before 1980 when Kalpakkam, Tuticorin thermal and Neyveli expansion will begin functioning. From this point of view to help the State tide over the annual 10 per cent increase in power demand with no expansion in generation, the inauguration of the trial run of the first generator of the Idikki hydro-electric project in Kerala on October 4 was a significant event. Delayed by 4 years, with the project costs escalating from the original Rs. 68 crores to Rs. 110 crores (including a Canadian loan of $ 19 5 million and a grant of $ 7.8 million), the largest underground power station in

the country will see the commissioning of the first of three 130 MW generators in January and the other 2 at intervals of 3 months thereafter. The second stage of installing 3 more generators will be taken up early in the VI Plan, and the third stage of raising its power potential by 85 MW by diverting of the Kallar and Errattayar into the reservoir has already begun. When completed, Idikki will generate 780 MW, and the power available will meet all of Kerala's needs and feed the Southern grid to meet the power deficit of this State and Karnataka. Tamil Nadu should invest in the second stage now and arrange to purchase power from the time it becomes commercially available for purchase by other States, which would be around the start of the second half of 1976. Further the choice between Ramagundam in Andhra Pradesh and Neyveli in Tamil Nadu for location of the 1,000 MW Super Thermal Plant is a painful choice for the Union government which is weighing the low calorific value of Neyveli lignite alongside of the desperate power needs of Tamil Nadu against the superior economics of Ramagundam. The World Bank which has been requested to aid in the investment of Rs. 2,000 crores for four projects, Singrauli (2,000 MW), Korba (2,000 MW), Farakka (1,200 MW) and one in the South (1,000 MW) has all 5 projects under study and has asked for further feasibility reports.

For the country as a whole, the power position continued to be satisfactory, with a noticeable improvement in the performance of thermal stations following from successful efforts to maximise generation from existing plants, adequate supply of quality fuels, provision of spare parts and training of operating and maintenance personnel. The result is that while the demand is 225 million units per day, the supply is 220 million units a day (meeting 98.5 of demand), the daily availability being 57.2 million units in the Northern region, 64.6 million units in the Western, 59 million units in the Southern and 39 million units in the Eastern region. In this connection, efforts are underway to accelerate the rural electrification programme through increasing the number of rural electric co-operatives from the five functioning ones and 3 just registered to 25 during the year, so that through them the Panchayat Councils will be made responsible for laying the lines, erecting the tower and giving the connections. (This will also prevent thieving). Another proposal is to allow the Panchayat Councils to be given an additional 10 per cent of their land revenue collections for paying for the recurring electric consumption charges in harijan bustis, as otherwise the harijan villages which are so poor as not to be able to pay the charges, will never be electrified. Despite the satisfactory general position, two States, Karnataka and MP imposed power cuts in October as a safety cushion to avoid drastic cuts in the summer months. A 10 per cent cut in Karnataka operates for defence installations, State and Union government undertakings, cement, paper, fertiliser, sugar and spinning mills. All other industrial and commercial users will have a 10 per cent cut in November, 25 per cent from December to February, and 33⅓ per cent cut in March-June. Industries can plan their schedules on the basis of this advance notification. In MP a 5 per cent cut is to go into effect from 1 November rising gradually to 30 per cent by February. This kind of advance planning of power reductions is a stabilising factor and also an indicator of where there is need for special effort in generation.

Land Reform and Urban land tax: The Union government has raised with the

State government the question of amending the State legislation on land ceiling in accordance with the national guidelines. The State law was enacted in anticipation of the guidelines (see Vol II No. 6 pp 8-9, No. 7 pp 5-7, No. 9 pp 3-4) and has been in full operation over the past 3 years. The government has agreed to make studies on the points at which the State law differs from the national guidelines, and on that basis there will be resumed discussions with the Union Ministry. Meanwhile the financial position of the government continues to be difficult. On October 2—Gandhi Jayanthi day—the Union government issued a 12 point guideline to the State on regulating the sale and consumption of alcohol in the States. It looks as if this guideline will restrict the future sale of licenses, regulate the location of the shops, but whether it is a precursor to total prohibition is an open question. Prohibition on a national scale will mean loss of Rs. 500 crores in excise revenue and some compensation to the States by the Union government, either on a reimbursement or on a population basis. Either way Tamil Nadu, like Gujarat, which is one of two States enforcing prohibition awaits some financial compensation from the Union. Meanwhile the State government faces a host of appeals against the reorganised urban land tax levy introduced on July 30, in particular for no distinction in rates between residential and non-residential sites, for a different rate in the case of outlying sites (outside the city but within the 16 KM radius), which might involve a reduction in the estimated yield from this enhanced tax. Official surveyors are at work surveying the 77,000 assessees based on the 1965 enumeration.

Water Pollution: To safeguard its drinking water schemes, the State government has decided to invoke the penalty clauses of the Union Act on water pollution as the State provision has no penal provisions to deter firms and agencies from polluting water heads like Palar, which might endanger the crores of rupees being invested for the provision of safe drinking water in the municipalities and Panchayat Union areas. In addition TWAD is now obliged by LIC as a condition of its loan finance itself to undertake water supply schemes to be assured of adequate quality. Once again the need for a State Board on water resources and use is emphasised to meet the varied and changing hydraulic situation in the State (see Vol II No. 9 p 35).

Transport: On highways at the State level, discussions are under way with the World Bank on aid for the development of highways and the improvement of city transport. A road improvement plan for Madras for Rs. 13 crores is ready for discussion between MMDA and the World Bank team. Rs. 4 crores are for national highways in the city and for ring roads between Tiruvanmayur and Ennore. The balance of Rs. 9 crores are for city road improvement and subways, overbridges, automatic signals, parking areas for parking vehicles, etc. At the regional level, the introduction of the national permits scheme for road carriers is of particular interest to the Southern region which accounts for over 50 per cent of all road operators in the country. There is the hope that under the scheme the present checking points and other obstacles to the free movement of traffic in the country will be reduced. It is hoped that the permits will include tractor - trailer combinations and unrestricted right to pick up goods and deliver them from one point to another. The Union government is planning to make substantial funds available to State Transport Corporations for purchase of public transport vehicles

including passenger buses and trucks. This has a double purpose—to improve transport facilities in the metropolitan areas as well as to create a demand for automobiles and ancillaries which are on a falling demand curve at the moment. The National permit scheme will increase the demand for trucks and to some extent compensate for the falling demand for passenger cars. Both buses and trucks will be in greater demand and it will be for the automobile manufacturing firms to switch over to the manufacture of buses and trucks to meet the new demand that is expected from the National Permit Scheme and the Union government's planned pumping of Rs. 40 crores into State transport Corporations. In the air field, the Union government has allowed the State Tourist Development Corporation to operate a feeder air service between places of tourist interest not served by IAC. This feeder service will connect Madurai and Uchippuli which is near Rameswaram, and Thanjavur and Tirunelveli. This is part of the State government study of a plan to use air taxies and mini buses to connect industrial towns (served by IAC) and tourist spots which besides Rameswaram and Tirunelveli include Salem, Pondicherry, Tuticorin and Kanyakumari. The Madras port programme shows an export of 10 lakh tonnes of ore as against the target of 15 lakh tonnes for the first six months ending September 30, 1975. On the other hand it handled 42.36 lakh tonnes of cargo in the six months which is more than half the 84 lakh tonnes target for the year. The clearance of 7,725 tonnes of food and fertilisers on September 28 was a 50 per cent increase in daily clearance, along with a record handling of 25,157 tonnes on September 30 against a normal average of 15,000 tonnes per day. The port is working from October 1 round the clock and can export 15 lakh tonnes more of ore in the next 6 months, if MMTC can get its customers in Europe and Japan to resume their previous pace of orders.

Housing : The State aims at completing construction of 30,000 houses for harijans before the end of December 1975. 15,000 houses have been constructed and 15,000 are under construction by the Highways and Panchayat Union engineers under the direction of the Harijan Housing Development Corporation. In addition sites have been selected in districts—Chingleput, South Arcot, Thanjavur, Pudukottai, Ramanathapuram and Tirunelveli for building 5,000 houses for fishermen, of which 3,000 are to be completed by March 1976. The national conference on Housing in Bhopal in October has urged the setting up of a National Housing Commission and a Rural Housing Corporation for speeding the provision of house sites to the rural landless and the construction of developing units for those living below the poverty line. This is urgent and action on setting up the corporation and providing it with institutional finance is a priority. Similarly it recommended early legislation on socialising vacant urban lands to meet the housing needs of the urban poor. The other programme awaiting early decision is the Union government's allocation of Rs. 20 crores to step up investment in LIG and MIG houses, along with legislation requiring large private industrial units, after a five year initial period, to build houses for their employees on a phased basis.

Welfare: The government distributed in October 1,000 sewing machines to destitute widows to help their productive employment. To encourage the remarriage of widows it presented Rs. 5,000 in saving bonds to each couple which after 7 years increases to Rs. 10,000 to 5 couples, and Rs. 20 per month old age pensions to 6 destitute widows. It also has reduced the

qualifying age for old age pensions from 55 to 45 for physically handicapped persons, for whom also one per cent of government jobs have been reserved.

National :

Fifth Plan : The current year (second Annual) Plan has had its total outlay of Rs. 5,978 crores increased at the end of October not by Rs. 100 crores as noted in the last issue (p 578), but by Rs. 75 crores, Rs. 46.25 crores for irrigation, including for Malaprabha in Karnataka an additional Rs. 3 crores, and Rs. 28.75 crores for power (Kalinadi Rs. 15 crores, Idikki Rs. 2.50 crores, Sileru Rs. 1 crore. Srisailam Rs. 3 crores and Tuticorin Rs. 1 crore). These additional allocations in the current plan for irrigation and power projects have been made conditional on the State governments revising their water rates and power tariff in order to cover their costs and reaching economic levels. It is doubtful if these small grants will attain this objective, which will have to be pursued as part of the formulation and approval of the third Annual Plan, 1976-77, on which work has begun at the Union ministries and State government level. The size of that Plan is being planned on the basis of the current plan outlay at around Rs. 6,000 crores, subject to a higher level should the States be able to mobilise additional resources. The major source would be irrigation rates and the power tariff, as apart from these the States have near exhausted their feasible resource raising avenues. The agricultural income tax **a la** the *Raj* Committee recommendations (see Vol III pp 14-15) is another source as yet untapped. The emphasis is again on the core sector—agriculture, irrigation, power, coal, fertilisers and oil exploration—and on fuller use of existing capacities, and early yield projects. In addition, ministries and States have been asked to provide information separately on projects which have been additionally taken up or expedited, calling for extra outlays, wider data on all projects and feasibility studies on new investment proposals. Even in the core sector projects, the organisation of inputs into them and marketing of their output are to be given priority, together with the phasing of new investment proposals, not only to ensure their optimal gestation but also to contribute to price stability. The timing of the preparation of the Third Annual Plan involves forwarding of proposals to the Union Planning Commission by the end of October, the review of the Union Plans from November 15, and those of the States from December 1 to the end of January. It will be noted that this would be Third Annual Plan being prepared without the back drop of a Five Year Plan, and while the Commission is continuing work on the Fifth Plan, it is not certain that it can be finalised by the end of January, when the Third Annual Plan should be readied. The on euncertain element is the prognosis as to the price trend. Has inflation been really contained, is the economy moving forward without *serious recessionary pockets, these and* other issues are still open. On the other hand the concentration on the core sector in the Annual Plans is becoming counter productive, because the definition of what is the composition of the core sector is somewhat of an arbitrary decision, and in any case the vital backword and forward linkages between the core and non-core sectors cannot continue to be ignored without introducing serious imbalances and distortions into the economy.

Prices and economic revival: The official index number of wholesale prices was 305 at September 27 compared to 311.5 at August 30, as reported in the last issue (p 580). This sharp decline of

nearly 2 per cent during September was due to the 9.4 point decline in food articles prices, and 24 per cent decline in industrial raw materials prices, particularly the 55 point decline in groundnut prices. There was, however, a 6.5 point rise in the price of liquor and tobacco. At the wholesale level therefore prices continued their stable downward trend, being held at about the high levels reached as a result of the 2 year hyperinflation, 1973 and 1974. The Economic Times has initiated in October an effort to compile an index of retail prices for greater Bombay using 1969-70 as the base. This is the first of its kind in the country and is the result of a great deal of painstaking data collection. The weightage used reflects the class composition and the average expenditure by each class in the Bombay region. Food thus has a weightage of 56.4 per cent, followed by housing 7.1 per cent and clothing 6.5. A little too wide an area is the miscellaneous item with a weight of 23.2 per cent. The results for this urban sector of the country are illuminating. For the first six months of 1975-76, ending September 30, 1975 the index registered a 6.8 per cent rise which is around one per cent a month—a still high rate of inflation. But in July to September the increase slowed down to 2.4 per cent against 11.4 per cent in the first quarter. The index is validated by the behaviour of retail prices all over the country—with a lower level of increase in food articles this year compared to last year, and some fall in the prices of tea, sugar and oils. While the containment of inflation at the wholesale level is now an ongoing fact, there is still some way to go in its reflection at the retail level. At the same time as noted in the last issue (pp 579-580) there are sectors of the economy—transport, wagons, consumer durables, textiles, steel, automobiles etc where demand has fallen sizeably, and a number of actions were being taken or considered to revive the sectors. Some relaxation of bank credit to industry has been announced by the RBI and the government. The Finance minister has suggested a limited expansion of credit and cited the bank credit of Rs. 482 crores in the first six months of this year compared to last year's Rs. 275 crores and increase in money supply of Rs. 432 crores against last year's Rs. 107 crores as evidence—which is not convincing. A major decision was the October 8 ordinance which allows persons with unaccounted (black) money to make voluntary disclosures within 3 months, pay tax on it on a reasonable basis, which was spelt out and not be subject to any assessment proceedings. This is the third such voluntary disclosures scheme, after the 1957 and 1965 schemes, which together brought in Rs. 267 crores. The scheme this time is generous. The tax to be paid ranges from 25 per cent on incomes disclosed of Rs. 25,000 to 60 per cent on income above Rs. 50,000. In fact an honest tax payer with a Rs. 1 lakh income pays Rs. 54,000 whereas the black marketeer now will pay only 46,000 plus invest 5 per cent of his income in government securities to be used for social development projects. It is estimated on the basis of past experience when the income from the scheme was 20 per cent of the tax proceeds, that the present ordinance will bring into the government income net Rs. 160 crores, which means a disclosure of around Rs. 400 crores of unaccounted money, which in turn may be adjudged as anywhere between 5 to 10 per cent of the total. On October 21, the government issued $5\frac{3}{4}$ per cent interest bearing bonds redeemable in 1984 as part of the scheme, the proceeds from which are to be used for slum clearance and LIG housing. It is hoped that the net effect

of this ordinance would be to enable some part of the dormant and withdrawn black money sector to come into active productive channels—a substitute reflation. Another area of action is the follow up by the RBI and the nationalised banks on the Tandon study group report aimed at normalising the levels of inventories and receivables by an industry. The inventory norms recommended by the Tandon group are to be followed but in a phased and flexible manner. Banks will give firms time to come into line before raising interest rates or cutting off credit. The main point of the Tandon report is to finance a part of the working capital requirements from (a) equity or (b) ploughed back funds or (c) long term borrowings. This the RBI recommends should be implemented in phases, the first phase being that each business should finance 25 per cent of its working capital needs from such long term sources. This would increase the rate of investment and savings. The RBI has also called upon the scheduled and some of the non-scheduled banks to submit to it a rolling plan for opening branches for 1976-78, with a view to covering unbanked and under banked areas. The 1972-74 target of 5,000 branches have been exceeded and now the concentration is on unbanked rural areas, where a start has been made with the new rural banks (see last issue pp 580-581). Another area to be intensified is the small savings where a modest target of Rs. 425 crores for this year has been set. Upto August, Rs. 67 crores have been collected and to attain the small target, the monthly collection will have to be Rs. 54 crores for the rest of the year. But the savings effort for this year can be much larger if the Rs. 800-Rs. 1,000 crores increased agricultural incomes following from this year good monsoons and kharif and rabi harvests, plus the funds released from the impounded additional wages are drawn into the savings net—which are urgent. The government has also under study the scheme of excise taxes to see what its effects are on the level of industrial activity and investment. The case for a reduction will take a long time to make out, and in any case the government is not favourable to it. What this Bulletin has recommended is that the rate be stabilised at the current high levels (see last issue p. 581) government's acceptance of the principle seems indicated in the statement that "stabilisation rates are as important as stability of other parametres". In mid October it was reported that the open market prices of some food grains like maize and paddy has fallen below the levy rates of Rs. 74 a quintal and that the government had to come into the market to guarantee the floor prices. This however cannot be taken as a trend, as other prices such as those of groundnut oil moved up. However the government stands ready to back up the levy rates to safeguard the farmers' income (vis a vis some distress sales that took place in October in Andhra Pradesh) as part of the package of measures to revive the economy that will go in to effect after the kharif harvest in January. One such measure is to relax the construction curbs an certain categories of buildings such as hospitals, educational institutions, LIG and MIG housing etc. which would have an all round accelerating effect on the economy.

Industrial growth and public sector performance : India's future industrial strategy is the subject of an interesting World Bank analysis which begins with the proposition that the past and present reliance on heavy and basic goods investment must be given up because (a) the rates of savings have not kept up with the expansion of capital formation necessities

and so the demand for the output of these industries has lagged, and (b) the scope for further import substitution has shrunken in relation to the size of domestic industrial activity. Hence it is suggested that the future strategy should be to lean away from reliance on basic and heavy capital goods industries and rely on agriculture, energy and export, as a means of boosting the flagging industrial growth of 1.5 to 2 per cent to a needed and possible 8-10 per cent. The report is good in the negative warnings it contains. It points out that a steady rise in the savings rate is basic to self-sustaining growth and a major contribuant to saving has to come from the surpluses generated by industrialisation. But with an overburdened administration and management and the lack of adjustments, interindustrial balance, added to which price controls and poor tax collection have further eroded the rate of savings. The report then works out the arithmetic of what the country's imports will be in the next 10 years which can be questioned, what the debt servicing obligations will be, which because of the IMF oil facility drawings, the Iran and Iraq oil credits go up from 19.7 per cent of export earnings in 1974-75 to 27.1 per cent in 1979-80, while our foreign exchange reserves fall to a low 1/12 of our imports. Against this background, the perspection is suggested to shift industrial growth strategy to (a) some limited extent meeting mass consumption items, limited because for many reasons the linkages between mass consumption items and the industrial structure are weak and (b) a large export drive, because India does not have the domestic demand and market for its industrial products. Hence the prescription, exports and massive reliance on aid. The analysis demands reflection and will be debated in the country. There is inadequate appreciation in the report of the extent to which basic and capital goods investment can and has effected industrial growth. Rather the gaps and weakness of the investment in the sixties must now be corrected to use the potential of basic and capital goods product potential that has been created. The emphasis on the other hand is well taken and has valuable lessons, though the forecast of the imports build up is questionable. A major cause for our industrial stagnation is the many reasons which lead to delay in project execution and completion. The delay in execution of our power projects has been a major cause of industrial slowdown, as the delays in completing irrigation schemes has slowed down our agricultural projects. The causes are multiple, inadequate pre-planning data, eg. site data, faulty and over optimistic estimate of resources, poor designing, faulty assessment of financial needs, delivery delays in equipment and bad labour relations. One way to speed industrial growth here and now is to ensure full utilisation of existing capacity of industries in both the public and private sector and to ensure that the agreed measures including selective reflation optimal supply of inputs, increasing exports, inter unit exchange of critical spares and even technical expertise etc. are executed. One suggestion is to set up a supervisory body of experts from government and private industry to ensure that these measures to attain fuller use of capacity are executed. In the meanwhile, the accounts of the 163 Union government industries under the Bureau of Public Enterprises (excluding not only insurance, banks, railways, post and telegraph and defence units but also the 60 sick units taken over by Union government and the State government undertakings) show for 1974-75 a sales income of Rs. 8,000 crores and a net profit before tax of Rs. 300 crores. The profit account was lessened by the Rs. 50

crores loss of the National Textile Corporation and the Rs. 50 crores loss of the Coal Mining Authority (this latter due to the rise in wages, which for the year will be covered by the price rise (see Vol V p 459). HSL's profit was Rs. 50 crores and BHEL's daily income over Rs. 1 crore. At this rate the sales income of these 163 units will go beyond Rs. 10,000 crores target for the current year.

National Production Front :

Steel : Total steel production by the public and private sector units increased by 16.5 per cent during the 6 months, April to September 1975, compared to the same period last year, being 3.7 per cent higher than the target for the current year. In September, SAIL plants increased their production by 19.7 per cent compared to September 1974, with Bhilai and Rourkela setting a 6 month record of 8.67 lakh tonnes and 4.42 lakh tonnes of saleable steel respectively. September offtake from the stock yards was 2.78 lakh tonnes compared to 2.59 lakh tonnes in September 1974. In October, however, there were reports that stock yards are facing a glut in supply and prices were falling below 5 per cent of both JCP and stock yard prices. The steel stocks in October were estimated at 8 lakh tonnes, and with Bokaro which already in September exceeded its monthly target of 26,300 tonnes by over 1,000 tonnes going into full production in November, the annual production of steel for the year will be around 8 million tonnes. It should be noted that steel offtake from the stock yards is rising from last year's monthly 1.17 lakh tonnes to 1.21 lakh tonnes in April-May this year on to 1.75 lakh tonnes in August. But the supply is increasing faster than the demand, and so the only answer is to increase exports. So far the government has exported 4 lakh tonnes valued at Rs. 40 lakhs and plans to export a total of 1.2 million tonnes earning Rs. 110 lakhs. With the import of Rs. 70 lakhs of special steels, the net steel earning would be about Rs. 40 lakhs.

Crude : Crude production and use are being simultaneously dealt with. On the production side, Hindustan Petroleum Corporation's annual report shows a throughput of 3 million tonnes last year, a net profit of Rs. 2.45 crores. R and D results in commercial production of axle and turbine oils and mineral jelly and mentor 28 production and a Rs. 20 crores pipeline to transport petroleum products from Bombay to Poona. Crude oil production for the first 9 months of the year 1975 was 61.68 lakh tonnes (an increase of 6.44 lakh tonnes over last year's) 38.07 lakh tonnes by ONGC, 23.10 lakh tonnes from oil India and 0.5 lakh tonnes from Assam Oil, so that for the year total production will exceed 1974's 75 lakh tonnes. The total crude processed in the 10 refineries in the public, private and joint sector upto September was 164.12 lakh tonnes (against 156.32 lakh tonnes during the first 9 months of 1974). A new oil structure to the North West of Bombay High has been discovered by an accident by ONGC (while using the U.S. Seismic ship, Aquatic explorer, to check some of its data collected earlier by Shell). The sixth well in Bombay High drilled by Haakon Magnus contains more oil than gas. In general, the Kutch basin leased to Reading and Bates is more oil bearing, while the Bengal basin leased to the Carlsberg group is more gas bearing. In October the first well in the Bay of Bengal structure struck oil, the spudding of which was noted in the last issue (p 585). It is to be hoped that the disagreement between the Carlsberg group and ONGC about continuing work on the Bengal offshore exploration

will be resolved, in line with the minister's declaration that the point is to find and produce oil both onshore and offshore as rapidly as possible. About the same time, preparations are under way to speed the first well in the third offshore structure in Kutch. Also discussions with Asmara were concluded in October for offshore oil exploration in the Cauvery basin. Another issue which should be resolved is the disagreement between the Department of Mines and its unit, the Geological survey of India, for the latter to acquire its own drilling ship for offshore exploration of non-petroleum minerals. The Planning Commission has approved this demand and it is needed to improve our mineral resources. The agreement between Oil India and the Engineering Projects India to exchange their mechanical expertise and resources for consulting for turnkey projects in the Gulf countries is a step in the right direction, and will help the Indian projects in Dubai, Qatar, Iraq and Iran. Also discussions between the Union government and Assam oil and Caltex on the take over of the latter companies by the government are under way, and should be completed by the end of the year, as a means of pushing ahead with crude production and refining. Meanwhile the other main preoccupation is economy in the use of crude. Here some progress is evident. Consumption of petroleum products this year has been at the same level as last year. In 1974 petroleum product sales were cut from 25 million to 21.67 million tonnes, which means instead of an increase of 9 per cent per year it declined to minus 3 per cent. Better management, larger availability of other energy sources like power, coal, improved and modified product mix in the refineries for a better yield of middle distillates are beginning to have an effect. Thus the offtake of Naphtha increased to 12.05 lakh tonnes between January-August 1975 beyond the 10.57 lakh tonnes last year. HSD demand increased by 14 per cent in the first six months but declined during the monsoons. Petrol consumption is still at 8.47 lakh tonnes for August, the same as last year, light diesel oil consumption decreased from 7.53 lakh tonnes last year to 5.8 lakh tonnes this year because of the substitution of cheaper furnace oil, which was the same level (2,756 lakh tonnes) as last year. While supply of the cheaper fuels, kerosene and cooking gas increased, the consumption of lubricants decreased from 3.17 lakh tonnes last year to 2.85 lakh tonnes this year. This economy drive is being spurned by the Oil Industry Development Board in the Petroleum Ministry, which is spending Rs. 38 lakhs on various fuel efficiency programmes which include study of engine designs and their performance to suggest improvements, improved combustion techniques, involving changes in the design of boilers and burners, research based manuals and films to educate consumers on how to economise on petroleum products use. In use of furnace oil and middle distillates, a 20 per cent economy is possible as is a 25 per cent economy in the use of petrol using motor vehicles. (The petroleum consumption reduction is directly related to the recession in automobiles and ancillary industries.) Finally the IOC net work is being used to develop them as farm fuel centres. That is, wherever possible the rural retail outlet will be used to provide the farmer with the HSD, LSD, insecticides, fertilisers, and the repair facilities that he needs.

Coal : Coal production during the first 6 months ending September 30 was 45.81 million tonnes, an increase of 4.92 million tonnes over last year and against the annual target of 98 million tonnes. Sep-

tember production was 7.86 million tonnes (6.98 million tonnes in September 1974) and despatches during the first six months increased to 43.47 million tonnes. One problem faced by the industry in October was the increase in pit head stocks which amounted to 7.8 million tonnes, equal to one month's production approximately. The trend is worrisome—in November 1974 it was 5.6 million tonnes, in January 1975, 6.6 million tonnes, 7 million in February, 7.4 million in April and 7.8 million in September. The reason is that the thermal plants which, due to the availability of hydel power are going through their annual maintenance checks, have accumulated adequate 20 days stocks (Ennore has 77 days stocks). The brick kiln industry's coal demand has slackened because of the stagnation in the construction industry. The railways have also decided to replace their consumption of loco coal. What is not in excess stocks is coking and superior coal of which there are only 15 days stocks. It is the inferior coal which is piling up and for which the demand is the construction industry and railways. Meanwhile the structure of Coal India is being recognised to assure quality control, mine safety, an active R and D programme and a continuing audit on performance by each units.

Ore and Aluminium : Iron ore production and offtake are affected by the recession in Japan and West Europe. Japan has cut her steel production from last year's 117 million tonnes to 110 million tonnes this year. The target sale of 4 million tonnes of ore to Japan will not be realised. Similarly the one million tonne sale to West Europe is in question, though with the opening of Donimalai mine, France enters as an important buyer of Indian ore. There is need both to increase domestic use of the ore mined and set up plants in the Gulf countries which will provide a growing market for the ore. On the aluminium front, the Union government decisions in October should help increased production and better demand. First the State Electricity Board need not pay the Rs. 3,000 per tonne excise duty and then claim a refund. This will relieve them of finding Rs. 2.5 crores. Second the levy grade aluminium has been reduced from 55 to 50 per cent, so that the price of non-levy commercial goods aluminium can be reduced. Third in view of the increased availabilities, distribution controls on non-levy aluminium have been lifted as has all price controls. Fourth the export of aluminium is being encouraged without any restriction and units like Hindalco are warned against non-utilisation of ⅓ of their capacity.

Drugs : In mid October, the Union government announced acceptance of the Hathi committee recommendations giving the public sector the leadership role in the drug industry. This involves (a) expanding production in IDPL for which Rs. 40 crores have been provided in the Fifth Plan, and HAL for which Rs. 30 crores have been earmarked. The expansion envisages doubling the synthetic drugs plant capacity at Hyderabad, diversion and expansion of the antibiotics plant at Rishikesh, setting up a nicotinamide plant and a separate formulation plant, (b) expanding drug production from the present of Rs. 300 crores to Rs. 500 crores, (c) increasing the Indian sector of the industry, (d) encouraging foreign owned companies to go basic and produce essential basic drugs, (e) keeping drug prices down and holding basic drug prices at a level which will encourage their production, and (f) an active government role in promoting production of 117 basic drugs. The four point strategy on which this programme is based is self-reliance in technology, selfsufficiency in production,

independence from imports and the building up of an export front.

Textiles : The National Textile Corporation with its 103 sick textiles undertaking taken over from 1969 and nationalised in April 1, 1974 (see Vol IV pp 628-629 and Vol V pp 79-80) and 97 of which are run by 9 subsidiary corporations faces a series of problems. There is the problem of modernisation for which it has Rs. 50.85 crores, out of which Rs. 17 crores machinery has been delivered to the mills and Rs. 14 crores on the way. But the total modernisation and expansion outlay needed is Rs. 156 crores, against which it has suggested an additional allocation of Rs. 24.48 crores for this year and Rs. 35.33 crores for 1976-77. The present is the time to purchase the machinery because against the normal delivery delay of 3-7 years, due to slack textile demand they are available on payment of cash. The other imperative is to stop the losses being incurred by the mills, ensure the provision of adequate margin money and availability of bank credit, implementation of labour rationalisation schemes and improvement in the marketing system for sale of the products of the sick units. On this last point NTC has organised a marketing division and plans to open 500 retail outlets, each of which will have the products of various mills under one roof. The other proposal is to develop a captive market and for this to get the Defence, and other Union government departments, State governments and the public sector units to drop their present procedure of inviting tenders for their clothing needs, and in place negotiate the price with NTC, which should be the sole supplier to meet all government needs. With this assured market, NTC which has 20 per cent of the cotton textile industry in the organised sector can modernise, expand, produce to capacity and run R and D programmes to meet the needs of the government departments. In any case it has asked its units to review the constraint on the varieties produced by them, and on this basis and the anticipated demand, to prepare an optimum production plan for the first quarter of 1976. Some of these measures are essential to prevent NTC becoming a loss suffering unit in the country.

Cement and Sugar : Cement production has continued to increase with 14.24 lakh tonnes in July, 14.4 lakh tonnes in August and an estimated 14.5 lakh tonnes in September. 84 per cent of the industry's capacity is being used, due to better coal supplies and withdrawal of all power cuts. The industry's production for the year will be 17 million tonnes against last year's 14.7 million tonnes. The new retention price neutralises its cost increases. All Southern States, except Tamil Nadu, have given up the procedure of issuing cement permits, and, given the accumulation of stocks, this State Industries Department is also considering dispensing with the permit system. Sugar production on the other hand is likely to decline this year by 10 per cent over the record level of 48 lakh tonnes during the 1974-75 season for two reasons. First as the jaggery prices are higher this year than last year, same 30 per cent of cane production this season is likely to be diverted to it as against last season's 20 per cent. Second the extended rainy season has reduced the sucrose content from last year's 11.8 per cent to 10.70 per cent and this together with the unfairly low levy price fixed for the South and Maharashtra is leading to the diversion of some cane production to paddy production, particularly in this State, as will be noted later. The only bright spot is the opening stock which this season stands at 12.5 lakh tonnes against last season's 8.7 lakh tonnes. The Rs. 11 crores Fifth Plan Union scheme for the

development of sugar cane in the factory areas is good but as usual may be a little too late and too little. This intensive sugar cane development programme is to be spread over 250 sugar factory areas by the end of the Fifth Plan. But the problem of declining yield and diversion of land to other crops is a pressing one. The growth of the cane yield over the last 2 decades has been 1.24 per cent per annum, and the negative trend in sugar recovery during that period is shown by the 0.34 per cent recovery rate per annum. The plans are all right—a targetted capacity of 6 million tonnes for a production of 5-7 million tonnes by 1978-79 and the raising of installed capacity by 1.3 million tonnes—but their realisation requires a techno-economic survey to relate prices, costs, investments, sugar cane growers dues and returns.

Newsprint, Jute and Ancillaries: The supply position of newsprint this year is satisfactory and so newspapers and periodicals are now permitted to draw newsprint to meet their full requirements for 1975-76. The earlier ceiling of a 20 per cent increase over their 1974-75 use has been now withdrawn, and newspaper can claim their quota on provision of proof of the actual 1975-76 consumption. This will help particularly the growing newspapers. Representatives of India, Bangla Desh and Nepal met in October to prepare the constitution of the Jute International, a forum of jute producing and exporting countries, which will launch a large R and D programme in jute and undertake promotional activities for maximising jute goods consumption. In face of competition from synthetic and inter-producer competition, there is a continuing decline in the export of jute manufactures and raw jute, and it is against that the R and D programme and the promotional campaign costing an annual 10 million have been planned, to be financed by both the producing and consuming countries. When the governments ratify the pact, the headquarters in India and the technical centre in Dacca will come into existence. Around provision for making it mandatory for medium and large industrial units in the public and private sector to sponsor, finance and support ancillary units in their respective complexes is being planned. In terms of legislation, under this plan, the larger units will provide the ancillary with inspection facilities, technical aid and marketing assistance.

Agricultural Production: As forecast in the last issue (P 587), the Union government fixed the procurement price of coarse paddy at Rs. 74 per quintal as recommended by APC, with the procurement price of rice being derived from this on the basis of hulling and milling ratios and the processing and incidental charges obtaining in different States. (See for Tamil Nadu, last issue p 586). The State-wise targets have been scaled down to take account of floods and droughts; Karnataka from 2 lakh tonnes to 1.5 lakh tonnes, Kerala from 80,000 tonnes to 60,000 tonnes, Tamil Nadu from 6 lakh tonnes to 5 lakh tonnes, Maharashtra from 1.75 lakh tonnes to 1.25 lakh tonnes and similar reductions for Haryana, Punjab, Orissa, UP and West Bengal, so that the procurement target orginally fixed at 5.3 million tonnes (see last issue p 587) is now scaled down 4.635 million tonnes. Zonal restrictions on movement of paddy will continue, while coarse grains will move freely at Rs. 74 per quintal. As noted earlier, there were distress sales of paddy in Andhra Pradesh where farmers with bumper crops could not get the millers to lift them, and they had to be lifted immediately because of their heavy moisture content. The millers on their side have large unsold stocks, in just 2 towns

they had 75,000 tonnes, and so kharif paddy prices fell from Rs. 70-80 per bag of 75 kg. to Rs. 50 and rabi paddy from Rs.100 to Rs. 70. Similarly the groundnut yield in Gujarat will cross the 1971 record of 15 lakh tonnes. It is to meet the bumper kharif crop that the FCI is glaring itself on 2 fronts—opening purchase centres and increasing its storage capacity. It has begun price support operations in a big way in Andhra Pradesh, Punjab, Haryana and UP, opening 245 purchase points in Punjab, 85 in Haryana where the government is procuring 90 per cent of the harvest, 100 in Guntur district and a further 100 centres in other parts of Andhra Pradesh. Similar price support operations have started in coarse grains in MP and Rajasthan. The other action is to increase its storage capacity. While it procures 5 million tonnes, there will be less offtake this year because of the bumper crop. FCI's storage capacity is 8 million tonnes plus 2.5 million tonnes in the Central and State warehousing corporations. Now it is planning to expand its storage by another 2.5 million tonnes, keeping its storage and handling losses down to 0.8 per cent, adding a number of agro based units such as modern rice mills, the Lucknow dal mill, the Sembanarkoil rice bran oil extraction plant, and a number of cattle feed plants to its diversified programme. The optimism of the kharif crop is being extended to the rabi season, when more than a million additional hectares are to be brought under HYV wheat in the 1975-76 rabi season, projecting a total 13 million hectares, extending wheat cultivation to many non-wheat cultivating areas and States. Punjab and Haryana plan to set up a new record by producing 93.10 lakh tonnes of rabi food grains, launching their rabi sowing in November, along with extensive training programmes involving farmers, extension workers and the Universities.

It is against this back-ground that the Union government is both planning for self-sufficiency in food production and importing food grains to build a buffer and not be caught once more by unreliable weather. Accordingly 2 million tonnes of wheat are being bought from the U. S. on a deferred payment basis. On the national front (a) irrigation schemes have been stepped from Rs. 385 crores last year to Rs. 468 crores this year, (b) a national scheme for optimal use of ground water has been launched, (c) a 30 per cent increase in fertilisers and a reduction in its price are underway, (d) a 20 per cent increase in agricultural power supply is being ensured (e) the SFDA and MFALs are being integrated and 92 additional merged SFDAs and MFALs, including 7 in Tamil Nadu, are being launched to promote for small farmers, land development soil conservation, minor irrigation, dairy farming etc., all of which will call for an investment of Rs. 3,000 crores in farm schemes during the Fifth Plan, Rs. 2,500 crores of which are to be provided through institutional means—co-operatives, commercial banks, ARC and regional rural banks. The credit will in large part be provided in the form of inputs with the help of Farmers Service Societies. One specific programme is the expansion of sericulture with Karnataka as the base, with the collaboration of Japanese sericulturalists, resulting in the scientific cultivation of silk of international grade in India for use by Japan. On the broader land reform front, the Union government reports that one million returns have been filed by land holders, of which 95,000 have been scrutinised, 5.34 lakh acres declared surplus, 1.6 lakh acres actually taken possession of by the States and 59,000 acres distributed to 35,000 eligible persons. This is a poor record which should be speeded up, judicial interventions reduced and financial aid provided to the new assignees of the surplus land.

Most of them being landless agricultural labourers without resources, the scheme provides for a grant of Rs. 250 per hectare for the first 2 seasons for purchase of seeds, organic manure, fertilisers, pesticides and implements as well as a development grant cum loan of Rs. 500 per hectare for land shaping, soil conservation etc. This aid will be provided by the SFDA and MFAL integrated project, and for this purpose all State governments have been asked to conduct immediately land use capacity survey and to bring their land acreage and tenancy records upto date. This should improve the execution rate of the reform programme.

Exports: India's external trade in September recorded certain government initiatives. The scheme for granting import licenses for highly priced industrial raw materials which can be freely marketed at home to compensate the units for export losses was dropped, as it would encourage black money, distort the industry's cost structure, make impossible the trend to canalise imports and in place the cash export assistance scheme will operate. From October 1 to March 31 it has decided to extend compensatory support for selected finished and value added items from finished leather and shoes to basic chemicals. Later in October the government announced cash compensatory support to some more engineering exports including industrial plants, steel structurals, pig iron, consumer durables etc. It also exempted all future export contracts from sales tax and improved its import policy for iron and steel items to help the refrigeration and tin can industry. It also allowed the RBI to announce a scheme whereby Indians and Indian aliens resident abroad can open and maintain foreign currency accounts in India from November 1. On individual items, 6 tyre companies have been asked to export Rs. 25 crores of tyres from December 1, India's tobacco exports which stood at Rs. 80.4 crores last year, registering a 9.5 per cent quinquennial rate of growth of quantity exported, is now lagging for the year because of the change in international demand and fashion, engineering exports from the North recorded a 77 per cent increase in value last year, forming 25 per cent of the total exports of Rs. 349 crores, making engineering exports the top exports of the country; similarly handicrafts exports jumped by 27 per cent last year; gem exports which are stagnating can be expanded if the Soviet market is explored; mica exports last year touched Rs. 7 crores, with Soviet Union being the new customer at Rs. 5.64 crores and for this year going upto Rs. 7 crores. Fuel instruments received a U.S. firm's order for Rs. 2.5 lakh worth 100 portable testers; a World Bank team in October was discussing the granting of special export aid to strengthen the export production base in textiles, engineering goods, and marine products in all of which the value added is high and aid can help expand India's small share in world textile trade of Rs. 9,000 crores, increase the 5 per cent growth of the engineering industry and provide trawlers, refrigeration facilities etc. for the animal feed industry. Two negative elements in October where the preemption of the Gulf countries' port facilities by the US, UK and Japan ships and shipping conferences, which increases the high congestion surcharge paid by Indian ships and the decision of EEC not to transfer large section of the labour intensive textile industry to the developing countries, but to control more tightly imports from countries which are "over industrialised" in the textile field. This arises from a recommendation of UNCTAD and ILO to promote a new form of international division of labour, wherein the closing down of one textile

worker's job in the UK or US would produce 4 to 6 jobs in India or any other developing country. The RBI reports that in the week ending October 3, India's foreign exchange reserves (other than gold and SDRs) touched a record of Rs. 817.54 crores, involving an increase of Rs. 185 crores in the first six months of this financial year. However if the IMF oil facility drawing of Rs.200 crores on August I is taken into account (see Vol V p 460), there is no net addition. This point is most cogently made by the Economic Times which calling attention to the euphoria created by the rise in the value of exports during 1973-74 and 1974-75, emphasises that this increase was more than swamped by the very much larger rise in import prices suffered by the country during the 2 years. India's terms of trade, taking 1958 as the base deteriorated from 109 in 1973-74 to 93 in 1974-75 or by 14.7 per cent and for the 2 years by 28.5 per cent. The unit value of import index rose from 226 in 1973-74 to 333 in 1974-75 by 107 points or 47.3 per cent. It is this deterioration in the terms of trade that we must arrest through import restraint and import substitution.

Aid: 3 major credits from the World Bank amounting to Rs. 360 crores ($ 450 million) for industrial imports, fertiliser plants and power transmission were being negotiated in October. The Bank also inspected the Rs 28 crores ($ 35 million) Tamil Nadu Agricultural Credit Project operating particularly in the Tiruchi-Thanjavur districts.

International:

Bangla Desh: In addition to the India-Bangla Desh discussions on the Jute international referred to earlier, Bangla Desh announced the start of offshore oil exploration in the eastern end of the Bay off Cox's Bazar. The Bengal Oil Development Company is in charge of the operation, helped by Japan with 5 other international oil cartels, 3 American, I Canadian and I Yugoslav, involed in the oil search of 70,000 KMs of the ocean territory. The seismic surveys have all been completed and are being studied for traces of oil. The continental shelf is old and will carry a lot of oil. It is necessary that India and Bangla Desh negotiate an ocean boundary agreement not only to avoid future disputes and rivalry but to co-operate in meeting the common need for oil.

World Monetary Reform: October did not witness any major move in World Monetary Reform, except the movement of gold prices consequent on last month's decision dethroning gold at the IMF annual meeting (see last issue p 589). After recovering around $ 10 per ounce at the beginning of October, gold prices fell again from mid October to $ 140.75 per ounce. The US dollar made sharp gains, while the pound sterling lost further ground and seemed to stabilise around $ 2.

International Economic Co-operation Conference: The deadlocked negotiations (see Vol V p 278) for a world conference between oil producers and consumers planned by France, were resumed in October and successfully concluded with an agreement to hold a 2-3 day conference of Ministers from 27 countries— 8 from industrialised, and 19 from oil producing and other developing states to deal with energy, raw materials, development problems and financial questions. The October meeting was attended by EEC, US and Japan for the industrialised countries, Algeria, Iran, Saudi Arabia and Venezuela for the oil pro-

ducers and India, Brazil and Zaire for the developing world. The conference to be called the Conference on International Economic Co-operation will function in four expert level commissions in order to produce concrete preposals on (a) energy, (b) raw materials, (c) development problem and (d) related financial matters. Each commission will have 15 members, 10 from the producer and developing States and 5 from the industrialised consumers. At one point the attempt to define the mandate of the commissions threatened a deadlock in the preparatory discussions. The industrial countries wished to keep the mandate of each commission general, while the developing countries wanted more specificity. The latter want that the commission No.4 should discuss and resolve the issues around International Monetary Reform, while the US wanted to keep this matter reserved for the IMF. Again the developing countries want protection for their revenues and more technological aid, while the West wants more stability for raw material supplies including oil. If the conference goes beyond generalities and reaches agreement on specific issues, particularly on the future price of oil and some of other major items of world trade such as wheat, non-ferrous metals etc. and on the question of exchange rates and the relation of SDRs to development aid, it would represent a very important supplement to the UN system, which has prepared the ground for specific and concrete decisions. It depends on the extent to which the national interests of the affluent countries, including their need to carry the support of oil producing third world countries in their policies are an imperative.

OECD and New Economic Strategy: OECD estimates that in 1974, there was no GNP growth in its member States, US, Canada, West Europe, Australia, New Zealand, and Japan taken as a whole, while in 1975 it is likely to have declined by 2.5 per cent. The volume of OECD imports fell by 10 per cent and unemployment in its member countries raised to 14.5 millions. For 1976 it forecast a GNP growth rate of 3 to 4 per cent and international trade expansion of 5 per cent. Within this overall picture, it estimates the current external deficit of the non-oil producing developing countries at $ 40 billions per annum in the first half of 1975. For the OECD area, it refers to the unexpected severity of the recession which each country underestimated and the failure to recognise the effects of the abnormal combination of inflation and recession on the depression of demand. This great stagflation of the early 70s has raised issues of a long term and fundamental nature, showing the structural weaknesses of the OECD economies expressed in their reactions to the external shocks and domestic policy measures which aggravated the impact of inflationary and deflationary impulses. It is against the grim background of inflation still running high and recession biting deep into their economies that the search to devise new policy instruments to overcome structural weaknesses and follow the path of non-inflationary economic growth and high employment levels has begun. How can all this be reconciled with the trend of increased social expenditures, increased investment in energy sources and pollution control. This innovative OECD study should be followed with interest.

World Food: World Food prospects for rice in 1975 are good mainly because of the satisfactory monsoon in the tropical zone which is the most heavily populated

and rice growing zone. Wheat and coarse grains have however suffered some set backs, mainly because of poor Soviet harvest. World wheat output for 1975 is estimated at between 358-360 million tonnes against the earlier forecast of 370 million tonnes. Even this output which is higher than that of 1974 when it was 348 million tonnes is due to the record output in the US which is likely to be 58 million tonnes as against the 1974 output of 49 million tonnes. The Soviet Union's production is however expected to be 85 million tonnes against the forecast 100 million tonnes. Coarse grains also are expected to be 20 million tonnes below the expected 610 million tonnes, again due to the fall in Soviet production to 77 million tonnes against the expected 96 million tonnes. The FAO concludes that world food security is still precarious: for 1975 the crisis is passed because of the improved food production in developing countries and the greater export capacity of North America. But from the long term point of view, there is no world food security, cereal stocks are stagnant, the wheat stocks may decline and prices remain relatively high involving a heavy burden on the developing countries and the majority poverty sector in those countries. It also estimates that the volume of international trade in agriculture will remain at the 1974 level, when agricultural commodities export values rose by 19 per cent to a record of $ 106 billions, due to inflation so that the volume of trade declined by 4 per cent compared to 1973. Prices stopped rising but agricultural export prices remained at a high index of 228 in the first quarter of 1975 compared to 119 in 1972. Prices of rice and sugar were 300 per cent higher than in March 1972, while wheat and coarse grains were 200 per cent higher. Further the gains in agricultural export earnings which was $ 5,400 for the developing countries was about offset by the rise in the price of their imports of manufactures. For 1975, given the low rates of economic growth and high unemployment rates, the demand for most agricultural goods did not expand. For 1976, FAO forecasts some improvement of supplies, stocks and prices, limited by the extent of economic revival, and lower unemployment and the need to rebuild inventories and investment. Against this back-ground the World Food Council has recommended to the UN General Assembly at its October-December session the setting up of a billion dollar International Fund for Agricultural Development to help developing countries increase food production and fight famine. The Fund is likely to become operasive as it has been jointly recommended by 9 OPEC developing countries, 10 industrial nations and 9 non-oil producing developing countries. Half of the Fund will be contributed by OPEC countries and half by iudustrialised ones. The US has already announced a first contribution of $ 2 million to the Fund which will be maintained in SDRs. Also the US has proposed a 30 million tonnes international grain reserve system to stabilise world supplies and prices during times of shortage. The international Wheat Council preparatory committee meeting at the end of September in London discussed favourably the plan for an international agreement on nationally held grain reserves of 25 million tonnes of wheat and 5 million tonnes of rice. The coarse grains reserve will meet both human needs in some parts of the world and the demand for animal feed, where shortages have pushed up wheat demand and prices. The reserve when built up will meet 90 per cent of future food grains production shortfalls.

Cocoa : Further to the report on world cocoa production (Vol V p 473), in late October 60 countries approved a

new international cocoa agreement at a conference in Geneva. The agreement records a rise in prices nearer the free market price of cocoa, which in the old agreement was Rs.29.5 to 38.5 US cents per pound, while free market prices were 55 to 56 US cents per pound. Under the new agreement the prices have been raised to 39 to 55 US cents. Four weeks of hard bargaining achieved this compromise, which aims at both stabilising the export earnings of cocoa producers and ensures adequate supplies at reasonable prices. There are 2 uncertainties in the agreement. The US, the largest consumer, has not accepted the new price level. The Ivory Coast, one of the largest producers, has also announced that it could not accept the terms. It is to be hoped that the 2 countries will join and the three year agreement, which can be extended for a further 2 years can and will stabilise the earnings of the third world countries, exporting this product as their main export income.

World Energy: World production of petroleum stagnated in 1974 and consumption declined by 3.2 per cent, according to an EEC study. Consumption declined by—9 per cent in Western Europe,—5 per cent in North America and —2 per cent in Asia and Australia, while in USSR, China and East Europe it rose by 6.5 per cent. On the other hand, coal production rose to a record 22,783 million tonnes in 1974 and its future place in energy will depend on the development of new techniques for transforming it into a non-polluting fuel and one that can be easily cleaned and used. The use of natural gas in Europe has expanded, meeting 15 per cent of energy needs, while nuclear energy meets 6 per cent of their electricity requirements and 1.8 per cent of their overall energy needs. R and D energy expenditure continued to rise, the US, France and Germany increassing their expenditure levels in this regard. The US is increasing its R and D on fossil fuels by 60 per cent and on few sources of energy, particularly solar energy, at even higher levels than that on shale oil, petroleum and natural gas.

* * * * * * *

II Agricultural Development

Paddy :

As reported in the last issue (p 593), the kuruvai harvest in October was good. By the third week of October, 70,000 tonnes had been procured in Thanjavur district and railway paddy specials carried 800 tonnes of paddy per train out of Thanjavur to other areas in the State which were in short supply. The Southern Railway placed 50 metre gauge wagons

per day at selected railway stations in the district and at Tiruchy junction they were trans-shipped into 35 broadgauge wagons a day for transport to various deficit areas. In view of the heavy arrivals of paddy in Thanjavur district, in addition to the 570 purchase centres, 50 private purchasing agents were appointed and the number of mobile purchase centres increased by 40. Procurement at the end of October was proceeding at 20,000 tonnes a day. Paddy and rice prices fell sharply during October as a result of the kar and kuruvai harvest arrivals. In Kanyakumari the good harvest of the 60,000 acres of paddy was completed, the levy procurement of 3,400 tonnes attained, and boiled rice prices fell from Rs. 2.40 to Rs. 2 per kg. (in this deficit Kerala border area). In Thanjavur, the price fell to Rs. 1.70 to Rs. 1.80 per kg. and the price of a 57 kg. bag fell from Rs. 60 to Rs. 55. 44 retailers who tried to smuggle rice had their licenses withdrawn. Kar rice in Vellore was selling at Rs. 2.50 to Rs. 3 per Madras measure, with an even steeper fall in coarse grains prices from Rs. 2 to Rs. 1.40 per kilo. Similarly in Salem, rice prices (boiled rice) have fallen to Rs. 2.40 from Rs.2.70, while the offtake of wheat and maida in ration shops has declined sharply with the greater availability of rice. On the production side, the agricultural department reports a good kuruvai crop. Around 68-72 lakh acres are under kuruvai paddy with a good yield. In Ambasamudram Taluk, Tirunelveli district, ASD - 1 has yielded a normal 1 to 1.5 tonnes per acre, while HYV strains have yielded 3 to 3.5 tonnes per acre in several villages. The best production record in paddy for 1973-74 went to a farmer in Salem district who raised 4,148 kg. of paddy per acre. Similarly the best cholam production record went to a cultivator in Coimbatore who produced 2,400 kg. of cholam per acre. About 1 lakh acre of kar harvesting in Tirunelveli district was being completed by October end. Over the 4.70 lakh acres crop in Thanjavur district, the yield per acre was higher than that of last year. Some switchover from sugarcane and even cotton to paddy and cereals are reported in a number of districts, due to the problems of the cane price discussed earlier and the continued high price of paddy. This is serious because it means a reduction in both cane and sugar production in this State. A disturbing development was the unseasonal heavy rains in Thanjavur district in mid October at the point of harvesting the kuruvai crop. In one day, October 14, Valaingaiman recorded 139 mm, Nannilam 114 mm, lower anicut 135 mm, Kumbakonam 98 mm, Budalur 60 mm and Mayuram 52 mm and these continuing rains had 3 effects—submerging the standing kuruvai crops, delaying the transplantation of seedlings for the late samba and earlier thaladi crops, and endangering the crops through spread of the fulgarid pest, the most disastrous paddy pest. The Department was taking prophylactic measures, advising the farmers to adopt 4-6 feet spacing, undertake plant protection measures, in some cases advance the harvest by a few days and use a new strain IR-26, which is of short duration, within easy reach of the farmers in the district and is resistant to the fulgarid pest. The extent of loss suffered by the farmers from the rains and the fulgarid pest remains to be estimated (probably in the next issue), together with the success of the plant protection measures and the effect of the use of the new strain adopted by them. As forecast in the last issue (p 593), from early October the turn system for irrigation —Vennar high turn and Cauvery low turn for 3½ days followed by the reverse for the next 3½ days—went into operation from early October. The Mettur reservoir at that time stood at 119.57 feet with an inflow of 12,673 cusecs and an outflow of 2,546 cusecs. Similarly in Tirunelveli

district under the SMIP programme, 3 works of silt clearance costing Rs. 9 lakhs, and repair to 30 tanks costing Rs. 8 lakhs were being completed, estimates for 41 project at a cost of Rs. 89 lakhs are readied to be implemented to help the samba harvest.

Aduthurai :

October witnessed the 50 years record of the Aduthurai Paddy Experiment Research Station. Started in 1925, it worked on paddy, banana, sugar cane, medicinal plants, vegetables to begin with, and gradually has come to concentrate on paddy research. It has to date introduced 31 paddy strains including 3 HYV and is working on basmati varieties. The station is now fitted with modern equipment both for conducting detailed studies of weather and microbiological factors conditioning crop growth and of the incidence of crop pest and disease. On the weather side it is equipped with an anemometre to record the speed of the wind force, an evaporimeter to measure the evaporating power of the air layers near the ground, a sunshine recorder which records the duration of sunshine, the Stevenson screen which records the humidity and daily temperature. Assmann psychrometers which measure the temperature and humidity both in the open and inside the crop, as do the soil thermometers which measure the soil temperature at different depths. Aduthurai also runs a training programme for educating farmers on optimum use of scarce inputs and young farmers on soil conservation and water management techniques. All the paddy pests are researched including the practices of rats. New insecticidal formulations and over 300 paddy strains are being tested to identify strains tolerant or resistant to pests. The work of the plant pathology section and the pesticide testing laboratory both produce disease resistant varieties and the effectiveness of the pesticides and fungicides sold to the farmer. Its soil testing laboratory, one of the best in the country and in fact in South Asia, prepares soil maps of villages, blocks and districts and estimates the mixed nutrients in the soil. The station is now at work evolving short duration high yielding fine varieties for kuruvai, samba and thaladi and in particular varieties which are resistant to the dreaded fulgarid pest, other pests and blast. It is also working on blue, green algae and crop response studies aimed at maximising output, and minimising fertilisers outlay. This is a good 50 year record and for the future the station needs to be further strengthened by special laboratories and brought into organic relationship with the Tamil Nadu Agricultural University. It is also possible that the Agricultural Research Service inaugurated by ICAR in October which is to ensure optimal use of our scientific manpower and mobility of scientists would have some significant fall our effects on Aduthurai.

Research Results :

The Tamil Nadu Agricultural University released in October a new variety of Bendai, AE 106, which is an early high yielding variety resistant to mosaic, which flower in 30 to 40 days and yield 13,000 to 15,000 kg. per acre, which is a 10 per cent increase over the existing pura Sawani variety. From the Punjab Agricultural University has come a prolific fruit bearing tomato plant, yielding 320 quintals of fruit, each plant yielding 80 fruits. The tomato known as Punjab Chauhara grows fast, has luxuriant and dense foliage protecting the fruit from sunburn and is less seedy and ripens uniformly. It can be grown by our farmers in this State, particularly in the Coimbatore and Nilgiris areas. This University has

also been working on various pesticides and has demonstrated that parathion which is highly toxic has left the minimum of toxic residue on the bendai crop, which strengthens the view of farmers that both that parathion and endrin should be available to them as cheap and effective pesticides, with some training in their careful and harmless use. The University extension at Madurai has also demonstrated that caterpillars which endanger the groundnut and castor crops and meal worm which attacks paddy can be controlled by using suspension of virus. It has also shown that the coffee green bug and the similar pests attacking cotton, pulses, cholam and banana can be destroyed by use of a fungus. This is part of a wider programme which is being undertaken in the Southern States to deal with the mosaic virus which is spreading in the cardamom plantation in Tamil Nadu, Kerala and Karnataka in addition to the traditional thrips and katte disease. The new disease which is growing disastrously is the fruit rote disease which started over 250 acres and has now spread over 25,000 acres, reducing 75 - 100 kg cardamom yields per acre to 30-35 kgs. A double action called for in this emergency is to allow use of the cheap and effective chemicals referred to earlier and undertaking long range research now at the Agricultural Universities and Research Stations on pest resistance varieties, plant protection measures and pesticides against this danger of the fruit rote disease.

Tea :

Further to the seven months tea production reported in the last issue (p 596), UPASI reports that the first 8 months of 1975 production was still 5.4 million kg. short at 281.6 million kg. mainly due to the low North Indian production consequent on the drought. The arrivals of the 1974-75 crop upto September 15 totalled 91,539 tonnes. For 1975-76 tea crop production estimate is 90,000 tonnes. The export of tea in the first five months of 1974-75 was 28,347 tonnes valued at Rs. 25.59 crores. The total export is estimated at 57,000 tonnes yielding more than Rs. 60 crores. Export prospects are improving and the government and the industry are striving hard to expand exports. India is gaining a foothold in Libiya and Pakistan which have been exclusively till now Sri Lanka markets. A 10 per cent increase in exports to the Soviet Union is provied for this year and North Africa and West Asia with their increasing oil revenues and tea consumption are demanding more tea. UK and Netherlands markets for Indian tea are picking up. West Germany and Europe are demanding more Darjeeling tea and US and Canada offer a steady market. The export demand for South Indian tea in the first quarter was less buoyant than in the last quarter of last year, but even so the export averaged more than 40 per cent oompared to last year and prices are holding steady and are inclined to rise. Another area opening up is EEC where the early October tea talks are being followed up by the Tea Board., which has requested the Commission to help with a study of the promotional costs of Indian tea in the market or a feasibility cum market study in order to decide on the warehouse requirements for expanded Indian tea or by packaging the tea from India and sending it to the retailers in the EEC countries. There will be a step up of the export of packaged tea to the Common Market countries. The government on its side is pushing tea exports through the simplification of the procedures for disbursement of duty drawback, cash assistance to ex-

ports, through the promise to study the tea industry's request for total rebate on excise duty paid by the export, and through the early establishment of an international tea promotion agency recommended by the December 1974 Commonwealth Conference (see Vol V pp 90-91) and an agreed constitution for such agency to be discussed at the intergovernmental group on tea meeting in FAO shortly. All this will result in raising Indian exports beyond the 1974-75 level of 220.3 million kg. and because of the world shortfall in tea output, earn a higher unit value realisation. But there is one warning to be sounded. This export expansion is at the cost of internal consumption which fell by 14 million kg. (5 per cent) last year. This declining trend is bad because the industry must rest on an expanding domestic market (also the poverty sector) and not mainly on an unreliable foreign market.

Coffee :

The export of coffee out of the 1974-75 coffee crop is to be 55,000. By August 1975, 43,184 tonnes had been exported, leaving only 11,816 tonnes for the balance of the year. Arrivals of the crop to the pool upto September 15 was 91,539 tonnes, the crop estimate for 1975-76 being 90,000 tonnes. Due to a severe frost in Brazil and the civil strife in Angola, there is a shortage in world coffee production of some 7-8 million bags, and the demand for Indian coffee is increasing and the price which had begun to fall early in the year has begun rising again. Carrying forward stocks of 20 million bags (60 kg. each) have always caused fluctuations in international price. Now world production is estimated at 75 million bags which means supply will just equal demand. This year Brazil harvested 21 million bags, but due to frost the 1976 harvest will be only 7 million bags. and 1977 crop 12 million bags. With the carry over of stocks of 20 million bags over 3 years, Brazil will have 60 million bags against a demand for 75 million bags, leaving a short fall of 15 million kgs. The Coffee Board expects to export 50,000 tonnes this year and earn Rs.60 crores. Here again due to the inflation in the past 2 years, there has been a fall in the domestic demand for coffee which needs to be countered. The International Coffee Council will meet in November and India expects a doubling of its previous quota. The Council will be fixing quotas for all countries and for all purposes. There will be no non-quota countries.

Rubber :

Output of all rubbers for the six months ending July 1975 was 22,696 tonnes (6,031 tonnes more than last year). Both the production and offtake of raw rubber were down during this period due to increased consumption of synthetic rubber. Total rubber stocks at July stood at 58,961 tonnes.

* * * * * * *

III Industrial Development

Mini Steel :

The Rs. 15 crores Kerala State government mini steel project is being established in Mulakunnathkavu on a 100 acre plot near Trichur. The foundry and forging sections are being located in Mulakunnathkavu, while the equipment section is being established in the Malappuram district. The complex will supply the steel necessary for railway coaches and wagons being fabricated at ICF, Avadi, and Golden Rock, Tiruchi, with the Metropolitan Railway Project, Madras providing the scheme with the construction expertise.

TIIC :

TIIC reports another good year of aid to industries in the State. In 1974-75 it stepped up its approvals from 142 schemes in the previous year to 462, and its quantum of assistance from Rs. 5.77 crores to Rs. 17.75 crores. Disbursements doubled to Rs. 8.25 crores. Out of these totals, loans to 180 industries in backward areas amounted Rs. 9.03 crores (compared to the previous year's 64 schemes and Rs. 3 crores), 370 small industries loans about tripled to Rs. 6.25 crores. IDA aided foreign exchange loans amounted to Rs. 161 lakhs. Of the 462 schemes assessed and referred to earlier, 129 were managed by qualified technocrats, 146 by experienced (but not formally qualified technocrats), and 44 by trade and commerce personnel. Since March 1975, upto August 31, a further Rs. 7.5 crores for 257 schemes have been approved, with disbursement of Rs. 4.8 crores, and some 500 schemes for loans totalling Rs. 17 crores are being processed. This is a good record, and should be supported by the State government and IDBI contributing Rs. one crore each to expand the share capital base of the Corporation. The Corporation is setting up a management consulting service for small scale units in the State.

Small scale sector :

These plans are urgently needed to arrest the increasing rate at which small industries are closing down. At a State Seminar in October, this increasing mortality was ascribed to lack of managerial skills, (which the management consultancy service at TIIC will in part help relieve), as well as finance, credit and marketing difficulties. The Union government was requested to act speedily on the recommendations of its small industries committee with particular reference to (a) reserving for the small sector the production of consumer goods, (b) the establishment of a consortium for marketing and export promotion, and (c) the provision of easy credit facilities at concessional interest rates to small entrepreneurs. What is now needed is an intensive district survey of small industries potential, similar to what the State government and State Planning Commission did for the districts of Dharmapuri, Ramanathapuram, Thanjavur and South Arcot, in order to identify the local raw materials on which small industries can be based, and the minimum essential infrastructure that the government must provide in the area. It is already the experience in the State where the incentives and educational inputs are provided, that the farmers are ready to invest their small savings in small industries. Setting up labour intensive

small industries particularly in electronic equipment, machine tools in spares for agro-equipment etc. is one quick way of combatting the growing unemployment in and migration from the rural areas and meeting the continuing shortage of consumer goods.

Khadi and Handloom :

In this connection, the decision of the State government in October to grant a 5 per cent rebate on khadi sales, which will involve a government subsidy of Rs. 12-15 lakhs will be a means of clearing khadi stocks and keeping this small industry going. This is part of the 25 per cent rebate allowed on all khadi sales in October by the Tamil Nadu Khadi and Village Industries Board. The voluntary bodies, Sarvodaya Sangh, Khadi Gramodyog Sangh have also arranged for a similar rebate in the case of the farmer for a further 10 per cent rebate on saris in token of the International Women's Year. A similar situation faces handlooms and a similar line of action has been urged upon the Union government. Out of 12,000 weavers co-operatives with a membership of 14 lakh weavers, about half the societies, 6,000, are dormant. The short term problem that they face is that they bought their yarn when prices were high last year and with 30 per cent fall in yarn prices between January and June this year, if handlooms are sold at current prices, losses amounting to 25 per cent of the total value of stocks will be incurred. Hence funds should be provided through banks at differential rates to the societies to help them market the stocks at 25 per cent subsidised prices, similar to the khadi prices. The Tamil Nadu Weavers' Association also urges that 35 per cent of controlled cloth should be produced by the Handloom sector, the apex co-operative societies should be the sole export agents, a separate co-operative central bank for handloom should be formed, and the nationalised banks should finance at low interest rates the purchase of loans, inputs etc. The Union government has these recommendations under study but must act quickly to save this large decentralized sector.

Textiles :

The textile mills in the South report an equally distressing stock accumulation situation. At the end of October they report an accumulation of 70,000 bales of yarn valued at Rs. 18 crores, and 27,000 bales of cloth valued at Rs. 16 crores. Some of the mills are on the point of closing down, 6 of them are reported to have changed hands, and again the Union government has been requested to help in the financing, which it cannot. The Pooja holidays have not resulted in a larger textiles demand and in fact yarn prices in October continued to fall and there has been no sign of revival in demand around Deepavali. The Union minister has admitted that the curb on inflation and black money has had a recessionary effect which the country and industry will have to live with. The industry must do what the NTC is doing with the nationalised mills, as noted earlier in National Section, which is to use this pause to modernise their equipment and rationalise their procedures, so that when the market revives as it will after the good agricultural harvest, they will be in a position to take advantage of the revival in demand and produce the diversified textiles that the consumers want.

State's Industrial Policy :

With the one year reprieve in the power situation, the State government is reviewing its industrial policy to accelerate the State's industrialisation, particularly of its backward areas. There are several

State agencies created for this purpose, SIDCO, TIDCO, TANSI, TIIC, each of which has made an encouraging start. One of the questions now under study is whether there should be a State managerial service, possibly carved out of the IAS cadre, to specialise in management and conserve the gains acquired in organising and running the various projects. Another question is how to channelise the agricultural surplus into investment in the small and medium industrial sector. Both SIPCOT which has opened up backward areas like Ranipet, Hosur and Thanjavur to industry, and TIDCO which is operating major joint sector projects like SPIC as well as the other agencies have a shelf of projects ready to go into operation. The State is also inviting capital and enterprise from Bengal, Bombay and Gujarat to invest in this State, and is providing an industrial infrastructure which can make such investment fruitful. This kind of drive is necessary to make up for the industrial slack of the last 3 years which were also years of power cuts.

Madras Fertilisers :

MFL reports a fall in sales in 1974-75 by 27 per cent compared to the previous year because of the decreased production due to the 4½ months shut down for turn around and repair of the plant. Also due to the drought in the second half of the year, the scarcity in fertiliser supply turned to surplus conditions because of the fall in the farmers' demand. The current glut in the State might continue into some part of next year, 1976-77. Even so, the company reports that its 21 villages adoption programme for educating the farmers on the package of fertiliser practices has now been extended to other areas successfully. What is misleading in this and other company reports is that all values—sales, offtake, turnover, gross and net profit are all expressed in value terms which with the hyper-inflationary conditions of the last 2 years, does not tell the real decline in production and sales volume which characterised this period.

Kothari (Madras) :

Kothari is setting up a Rs. 16 crores modern caustic soda plant alongside of its Ennore factory producing super phosphate and sulphuric acid. It will produce 33,000 tonnes of caustic soda, 29,040 tonnes of chlorine which will be converted into 21,000 tonnes of ammonium chloride, and 4,100 tonnes of hydrochloric acid. Caustic soda is in increasing demand domestically and internationally for use in rayon, viscose yarn, paper and soaps. The financing of the plant will be through Rs. 2.78 crores of equity capital, Rs. 1.72 crores from internal loans and Rs. 11.50 crores from medium term bank loans. This will be important industrial initiative in the State.

SPIC :

SPIC which started commercial production of ammonia and urea in June is operating at a capacity level of 75 to 80 per cent. Its target for the year ending June 1976 is 3.85 lakh tonnes of Urea at a price of Rs. 1,245 per tonne and 75,850 tonnes of NPIC at Rs. 2,800 per tonne, which is one of the best in the country. The unit cost of investment is Rs.2,700 per tonne of capacity of ammonia and urea and Rs. 3,050 per tonne of capacity of the whole plant, sulphuric acid, phosphoric acid, phosphate and NPIC. The Company has plans for Naphtha and fuel oil and is participating in the large fertiliser complex at Cuddalore (See Vol III p 311). It has also set up with TIDCO the Tuticorin Alkali Chemicals for the production of soda ash, ammonium chloride, melamine and cryolite. It is marketing its production

within the State, and is setting up depots in Andhra Pradesh and Karnataka. SPIC is one of our outstanding industrial ventures.

Leather :

The Leather Goods Exports Promotion Council reports that the exports in 1974-75 for finished leather and leather goods was Rs. 105.79 crores (Rs. 101.33 crores in 1973-74) and Rs. 40.73 for tanned and chrome leather exports (Rs. 62.38 crores the previous year). For this year, exports of finished, semi-finished leather and leather goods are estimated at Rs. 175 crores, China has entered the leather market strongly and the response to Indian semi-finished and finished leather at the Paris, Milan and Plovidin fairs were not good mainly because of the higher Indian leather prices. The Council and the trade are asking for a differential pricing system for internal and foreign markets. In mid October, the government announced a cash subsidy of 5 per cent on finished leather goods as from October 1, which is lower than the 15 per cent recommended by the Seetharamiah Committee. If the Fifth Plan export target of Rs. 435 crores is to be reached we will have to move nearer the committee recommendation. The Madras Corporation is expanding its small successful demonstration cum production centre for the utilisation of stray dogs and other animal hides at a cost of Rs. 15 lakhs. The project will use the carcasses from all municipalities and develop them as animal feed, fertilisers, fallow, using the skin for a variety of leather goods, already demonstrated by the small unit run by the Madras Corporation.

*   *   *   *   *   *   *

IV Education, Science and Health

Educational Reform :

The comprehensive school scheme (see Vol IV pp 455-456) now operating in 19 schools has been extended to 47 more schools, going beyond the radio engineering, electric motor rewinding, motor mechanism and agro-engineering to seven new courses namely, salesmanship, power loom, tailoring, fabric painting, fisheries, typewriter repair, nutrition and hygiene. The total scheme covers about 2,000 students and costs about Rs. 15 lakhs a year. The government is closing all teacher training schools in the State for 2 or 3 years because of the problem of growing trained teacher unemployment. The government which at one time had over 160 training institutions, had 57 last year, and now has 28, two in each district, one each for men and women. Private training schools have been advised to convert their schools into high schools. There are 12,000 unemployed secondary grade teachers and 2,000 graduate teachers unemployed. One method to

absorb them would be to decrease the teacher-pupil ratio, and another is to use them on non-formal education. One of the proposals now under study is to attach a number of subject teachers to Harijan hostels for an honorarium of Rs. 150 per month, so that special and compensatory coaching may be given to the Harijan students residing in the hostels. At the University level, the government has announced the annual award of full fee concession and a book allowance of Rs. 250 for the entire course to 125 students in the undergraduate and post-graduate courses—purely on the basis of merit, that is the ranking secured in 15 degree and 10 post-graduate subjects. Similarly rolling cups are to be presented to 8 colleges in the State which produce the highest percentage of passes in the PUC and degree examinations. One of the important recommendations of the 2 day conference of Principals of Colleges in New Delhi in early October is that the competence of teachers and principals should be periodically assessed alongside of reorientation programme for teachers. Book banks have been set up in 1,155 colleges in the country as at the end of October, each college being allocated Rs. 6,000 to Rs. 20,000 for the purpose. UGC has so far spent Rs. 1.28 crores on this project, provided 1.2 lakh tonnes of paper to the students, and essential commodities at reasonable prices to over 2 lakh students in 3,357 hostels.

Technical Education :

The Southern Regional Committee of the All India Council for Technical Education approved the introduction of a diploma course in automobile technology at Bellary and Hassan, a degree course in electronics and communications beginning at Hubli, a diploma course in it at Bangalore, post-diploma and diploma course in refrigeration and airconditioning on the sandwich pattern at Kalamassery and Calicut, a diploma course in textile technology on the sandwich pattern at Pollachi and a diploma course in mechanical engineering at Coimbatore and recognition of the Tamil Nadu Board's post diploma course in production and industrial engineering. These new programmes are a response to the engineering demand market and are to be welcomed. ICSSR and UGC have recommended that engineering institutions allot 8 to 12 per cent of the technology courses to social sciences learning to enable the engineer develop technology adapted to Indian needs. This would help the engineer understand the world beyond his professional world, familiarise him with the environment and give him the tools to deal with daily social problems facing him as an engineer. The course should combine breadth and depth. Keeping in view the diversity of career interests of the students, alternative social science courses should be offered by the social science faculty of the engineering college. Similarly ICSSR and UGC have recommended more emphasis and time on social science education in the agricultural universities' curriculum. Atleast 10 per cent of the curriculum should be allotted to social sciences, so that the agricultural student will be sensitive to social factors conditioning agricultural development. The course content must cover national perspectives, economic and social patterns as they determine agriculture, and above all the relationship between agricultural production system of distribution, and problems of poverty and malnutrition. Areas for exploration are study of traditional practices, social effects of innovation, agricultural employment problems, agricultural prices policy and land legislation. Importance should be given to small farmers and weaker sections' problems and means of raising their levels of living. Additional courses in agricultural univer-

sities should cover the farmer and his environment, socio-economic problems of Indian agriculture, integrated area development, project formulation and appraisal, agricultural economics and farm management. On the medical education side, as reported in the last issue (p. 603), the Union government established on October 24 the National Board of examinations (a) to award prestigious post-graduate degrees in medical education, and (b) to maintain uniformity in higher education and training. All medical graduates in the country will be eligible to take this examination after adequate training in a recognised institution. The Indian Academy of Medical Sciences will conduct the examination on behalf of the National Board, which will consist of the President of the Indian Academy as President of the Board, 4 Vice-presidents representing basic medical sciences, medicine and allied sciences, surgery and allied sciences and community medicine and health administration, the DG of Health Services, the DG of Armed Force Medical Services, the President of the Medical Council of India, the DG of ICMR, President of Indian Medical Association and the Chairman of UGC. The Board will conduct examinations in 28 disciplines and its post-graduate degree will completely replace the British NRCP and FRCS. The Board will also bring about the change in the standards of medical education and establish a perspective plan to help meet the country's growing needs for doctors. Andhra Pradesh is appointing an expert panel to review the State's pattern of medical education, to examine a proposal for a cadre of second line medical personnel (bare foot doctors), to consider a scheme for training matriculates in all aspects of common diseases prevalent in rural areas, to help bring about uniformity in the syllabus and curriculum in all medical colleges of the State, and to consider the feasibility of bringing them under the Universities in place of the ministry of health. This kind of review is needed in all States. In this State, the government announced in early October the establishment of a National Institute for the Siddha system of Medicine at the government hospital of Indian Medicine. As recommended by the Perspective Plan (see Vol II pp 32-35), the State has siddha wings in 14 district headquarters hospitals, 25 taluk hospitals, to which 15 are to be added by the end of the year. There are also 350 siddha Panchayat Union dispensaries. The Central Research Siddha Institute is functioning for the past 4 years in Madras with financial help of the Central Council of Indian Medicine.

Science:

Towards the end of October, the Prime Minister on the occasion of the award of the Shanti Swarup Bhatnagar Prizes laid down the priority areas for scientific research in the country: they included (a) solar energy and other replenishable sources of energy, (b) techniques for improving the drudgery of the people, (c) improving the efficiency of bullock carts, (d) innovation in pumping water from the wells, (e) improving the lift irrigation system, (f) reduction of pollution, (g) attacking communicable diseases, and (h) research in family planning. Work in the frontier areas like space, nuclear energy and electronics should continue, as in basic sciences research, but the exclusive concentration by universities on prestigious projects and international seminar and conferences attendance should be changed. This is a good list to start with. ISRO reports that Aryabhatta completing in mid October 6 months in orbit for over 4,800 hours has orbited the earth 2,740 times, performed 80 per cent of its tasks, and carried out

500 commands from the Sriharikota and Moscow ground stations. The experiments which will be useful in the future includes satellite tracking, tone ranging, voice communication and transmitting electro-cardiogram signals. Contrary to initial expectations, Aryabhatta is expected to stay in orbit for 2 years and not just for 6 months, because the structure and the system are functioning well. Indian government and engineers are planning remote area communication with the help of a Franco-German satellite for 2 years from 1977, when ATS 6 through which the SITE programme is running will end. Earth Stations in Delhi, Ahmedabad and a new one to be opened in Madras will work with the Franco-German satellite which would link remote areas by telephone via the satellite, and connect the Nicobar Islands with the mainland. Special multiple access equipment is being developed to make simultaneous contact with the satellite from several points, so that it can also relieve the peak hour traffic between Delhi and Bombay. Even with ATS-6, NPL has built special antennas and equipment at Kurukshetra, Pilani and Gauhati to receive signals concerning the ionosphere. Reference was made earlier to the launching of the Agricultural Research Service by ICAR in early October under which a scientist can continue his creative research at the highest salary without shifting to a management position, all management posts are made tenurial and members of the service will be required to serve in backward areas. In addition the agricultural scientist recruitment board will be responsible for recruitment and promotion of all scientists. This is a much needed reform and should benefit at our primary industry.

Health :

The Union minister of health during his visit to VHS in Madras in early October announced the revival of the one third scheme, under which the cost of new health centres will be shared one third by the Union government, one third by the State government and one third by the voluntary agency. This is a long standing request of the VHS of the State and will make for more adequate rural coverage. The city Corporation is planning to adopt the new technique of cuidoscopy which enables the sterilised woman to leave the hospital on the same day of the operation and to charge Rs. 50 for a woman using its maternity services for delivery of the fourth child. This would be one disincentive to overly large families. The Union government announced in mid October the merging of the National Institute of Family Planning and the National Institute of Health Administration and Education into a National Institute of Health and Family Planning which would concentrate on health and family planning training of staff both from India and other Asian Countries. On this occasion, it was reported that a child in its first 2 years passes through 28 attacks of infections, including 6 of conjunctivitis, 5 of diarrhoea and 16 of respiratory infections. At the start of the family planning programme, the annual population addition was 5 millions. Now 20 years later it is 13 million, and there are 120 million persons in the reproductive age group 15 to 44 who need education and protection. That is the magnitude of the task.

* * * * * * *

V Employment

The Union government announced in early October that the educated unemployed registered with the exchanges number 4.5 million, 77,000 of whom were graduate engineers and diploma holders. In addition 18,000 graduate engineers and 16,000 post-graduates were coming out of the universities annually and had to obtain jobs. On the positive side, as a result of the vigorous drive launched to fill existing apprenticeship vacancies, 37,000 additional seats have been filled by October 1, bringing the total to 1.06 lakh seats. Of the total 1.17 lakh seats located, 69,236 were filled by March 31, and 85,314 by August 15. The States are looking for further seats in the 40 new trades approved by the Apprenticeship Council. Also the Union ministry reports a sharp decline in mandays lost due to strikes and lock outs, from 1.36 lakh mandays in August 1974 to 16,127 mandays in August 1975. Similarly in July 1975, 52,546 mandays were lost, compared to 1.41 lakh lost in July 1975. These statistics refer to the central sphere. Given the mounting problem of unemployment, the Union government has under consideration setting up a committee to review the unemployment position of the country. The committee will be headed by Mr. B. Bhagavati and try again its hand at chalking out an employment generating programme. In this State, it is reported that in October nearly 12,500 workers have been laid off, 10,000 in the textile industry and 1,000 in the engineering units due to a sharp decline in demand, and 1,500 in the sugar industry due to the non-availability of cane. The government is at work with both management and the Union government to prevent the continuation of these lay offs. In Kerala the apex body for industrial relations has recommended that the government do not permit unilateral lay off, retrenchment, lock out and closure in industrial undertakings and go slow and work to rule by labour. Kerala as a result has an improved record of less mandays lost and its watch dog committee goes into action before the crisis is worsened. In the North Arcot district 10,000 tannery workers got an additional wage of Rs. 1.50 per day from August 1, together with an agreement that for every 5 point increase in the index over that of October 1975, the workers would get 0.5 paise per day. The agreement arrived at by negotiations between the workers and management with the help of the Joint Labour Commissioner will be in force for 3 years. All concerns in October were engaged in estimating and paying the bonus due to their workers under the September 25 ordinance referred to in the last issue (p 605). The old section 34 (3) which permitted employers and employees to enter into agreements for the grant of bonus under a form different from that in the Act having been deleted, the companies and trade unions have had to comply with the law as it now exists.

* * * * * * *

VI Other Items

Education Finance :

The final meeting of the Education Finance Review Committee was held on October 11, when the committee reviewed the draft chapters on qualitative improvements of school education, the inter-State and inter-Country GNP percentage on education, the conspectives of the economies and the additional expenditures recommended and the summary of recommendations. The report was presented to the government on October 20 and is treated as a confidential document at this stage. The government has requested the committee to undertake a second stage study of the cost-benefit analysis of Tamil Nadu Education, and to complete the study by March 15. The work is being undertaken by the statistical officer of the Directorate of School Education and the Department of Statistics of the University under the guidance of the Director of MIDS.

Conference of Southern Vice-Chancellors :

The fourth conference of Southern Vice-Chancellors was held in the University of Madras to apply the decisions of the All India conference of Vice-Chancellors (see last issue pp 607-608) to the Southern Region and to consider problems relevant to the region. The conference discussed the Delhi conference decision on non-formal education and agreed to use UGC development grants to the Universities and colleges for financing staff for evening classes, correspondence courses and private study and to develop para degree courses and for this purpose to request the UGC to make a 100 per cent grant and to continue it to the Sixth Plan. It was also decided to set up common Boards of Studies in certain special disciplines like theoretical physics and leather technology in the University of Madras, develop common Boards in some disciplines between 2 or more Universities and co-ordinate the work of Boards of studies in all disciplines. The need to attain a certain measure of uniformity in the pattern of undergraduate courses within each State was recognised and for this purpose Inter-University Councils within each State were recommended. A zonal workshop on grading was recommended in December in the University of Madras and the next (fifth) conference of the Vice - Chancellors was recommended to be held in Trivandrum—University of Kerala—In December 1976.

Madras University Events :

During October, visits were paid to Salem, Erode and Vellore by the Vice-Chancellor in the course of which colleges were visited, discussions on college and university problems with the principals and staff held, review of college teachers problems organised with teachers association and means of improving college performance discussed. A similar meeting with city college principals in October reviewed all current programmes and proposals for change and upgrading. The monthly inter-departmental council discussed proposals for the M. Phil. scheme and changes in Ph. D. regulations to enable teachers and other private candidates to register for the research degree and a statute for Senior Professorships. The Academic Council met in early October to review and approve the curricula and syllabus recommendations

of the Boards of studies and to approve changes in statutes proposed by the Syndicate. The question and answer session was a lively one. Towards the end of the month there was a meeting of the Boards of Studies to begin the work of preparing the introduction of the semester system in M. A. and undergraduate courses, to build question banks and to develop the M. Phil. course in each discipline. A visit by Mr. I. Dayal during late October acting as university consultant on administrative reorganisation of the university was the occasion for the continuing study of organisation and procedures in the University.

WUS :

The General Body of the WUS met in the University on October 7 and approved the programme for 1976. It faced up to the grave financial situation of the Service, under which it owes Rs. 1.5 lakhs to the government on account of the building loan obtained, and a further Rs. 1.3 lakhs to the Corporation on account of unpaid corporation taxes. It decided to make a severe cut in its expenses and programme to meet a part of the corporation bill and request the government to transform the Rs. 1.5 lakh loan into a grant.

Mid Year Review :

The Minister of industry's periodic seminar was in October devoted to the mid-year review of Tamil Nadu economy. A summary of the points presented appears as the second article in this issue. In the discussion it was pointed out that contingency planning is a valuable technique which should be adopted and that the industrial development in the State is not widely dispersed in the rural areas.

Matriculation Schools :

A meeting of the heads of Matriculation schools and Chairmen of the Boards of studies was held in mid October to prepare the schools to move to the 10 year pattern. The time table for preparation of the syllabus for class X was established and the Chairmen of the Boards were requested to complete this work by the end of November, so that the University can review and approve the syllabus by the end of the year.

UN Day :

In October, the UN Day was celebrated in the schools, colleges, Lions and Rotary clubs and by the State government. Particular emphasis was placed in this year's celebration in discussing and understanding the New International Economic Order and its meaning to the third world as well as the other world countries. There were also discussions on the significance to the State of the International Women's Year.

Indian Adult Education Conference ;

The 28th Indian Adult Education Conference was held in Jabalpur, Madhya Pradesh from October 25-27 under the theme Non-Formal Education, the Restorer and the Remedy. The conference was inaugurated by the State Chief Minister, Mr. P. C. Sethi and the key note address delivered by Mr. P. N. Haksar, Deputy Chairmen of the Planning Commission who emphasised the link between poverty and illiteracy and asked that both should be tackled together. The conference examined in 5 commissions the programme for non-formal education for the age group 6-14, for the age group 15-25 for farmers, for women and the policy and financing of these programmes. On the basis of these recommendations,

it was decided that the member agencies will work on non-formal education curriculum for the various groups in 1976, and that the theme of the 1976 conference should be the curriculum for Non-formal Education. The conference will be held in Karnataka in 1976. The Executive Committee and the Council of the Association also met at Jabalpur during the conference.

British Council Library :

The British Council Library celebrated its 25th anniversary in October. On this occasion a seminar was held for the Southern region to look at library developments at the start of the next century. In light of that, the decisions to be made now were agreed upon. There were also a series of useful public lectures on the library and economic, social and cultural development.

Nehru Yuvak Kendra :

A selection committee of the Nehru Yuvak Kendra was held at the end of October to select 5 Kendra co-ordinators for Tamil Nadu for 5 new centres that are being opened in 5 more districts. The selection was once more from the youth corps volunteers who were the major contestents for the places.

Special Seminar :

The fifth session of the special seminar on 'Educational Development in Tamil Nadu' was held in the seminar room of the Institute on Friday, October 31, 1975 to discuss and review the paper on "the curriculum in terms of objectives and disaggregated learning units" by Mr. S. S. Rajagopalan. The seminar agreed on the definition of the curriculum as being a definition of objectives and setting forth the means of attaining them, noted that there had been little curriculum reform in the State and that there had been a wide gap between formulation of curricula and their execution. There was a spelling out of the curricula for the elementary, middle and secondary schools and the desirability of breaking the curricula into self-contained learning units.

November Seminar :

The November Seminar paper 'Economics of Election', by Mr. T. V. Natarajan and a summary of the discussion on the paper at the Seminar on Thursday November 27 appears as the first article in this issue.

Second Article :

A paper, 'Some Thoughts on Mid-Year Review of Tamil Nadu Economy', appears as the second article in this issue.

Special issue section :

This issue contains the second special issue section for the year. That section has the annual report for 1975 of the Madras Institute of Development Studies, the statement by social scientists of the Mysore workshop on inter-disciplinary research methodology, the assessment by its Director Dr. Parvathamma and 2 selected papers from the workshop.

The institute places on record its profound sorrow at the death of *Mr. K. Kamaraj* on October 2. His unremitting service in the cause of the poor in the State and the Country will be carried forward as the only fitting tribute to his revered memory.

THE ECONOMICS OF ELECTION

By

T. V. NATARAJAN

Madras.

"When it is possible for a common man not only to contest an election but also win, then we can say, there is real democracy in India."

Shri Rajendra Prasad.

"If I win, the election is free and fair; if I loose, it is corrupt and rigged".

(A well known politician during his conversation in 1971 with the Chief Election Commissioner.)

Introduction

This subject is of topical interest as the next General Elections are due to take place in early 1976. Thanks to the vision of our founding fathers and the unshakeable faith of Pandit Jawaharlal Nehru in the democratic system of Government, India has achieved the unique distinction of being 'the largest democracy in the world'. For a developing country like India, with its myriad problems, the democratic system is both costly and complicated. Nevertheless when compared with the other systems of government, we come to the inevitable conclusion that the democratic system is certainly better and hence worth cherishing.

Implications

The people should have the option to choose the candidate in whom they have faith. As candidates (except the independent candidates) are organised as parties, in the ultimate analysis, the party which wins the majority of the seats becomes the 'ruling party'. Parties are formed on the basis of their political beliefs, socio economic programme etc. and periodic elections help to find 'the will of the people'. This does not mean the 'tyranny of the minority by the majority'.

AIM

The aim of this paper is to analyse 'the economics of elections' i. e. find the expenditure incurred by the Government, political parties and candidates on elections (both at the National and State level), focus attention on wasteful, impractical or corrupt practices and suggest remedial measures. An effort has been made to pin-point the role of 'money power' in elections. This paper does not deal with elections to the local bodies.

Electorate

At the outset it is necessary to know about the electorate. The report of the latest Delimitation Commission (based on the 1971 census) has recently been published. Table 1 gives the details about the Lok Sabha/Assembly seats. The population as per 1971 census was 54.7 crores compared to 43.7 crores in 1961. Even though the population increased by

24.56 percent the increase in the Lok Sabha/Assembly seats is only marginal. This is because people born after 1961 have not yet reached the voting age.

Expenditure Incurred by the Government

Considerable expenditure is incurred by the Government—the State and the Central—in connection with the elections. The expenditure incurred on the preparation of electoral rolls and conduct of elections is borne initially by the State Government but the Central Government contribute one half of all the expenses incurred by the State Govt. on the following items :-

a) Election staff employed in the office of Chief Electoral Offices and in the district offices

b) Preparation and revision of electoral rolls.

c) Storage and preservation of ballot boxes and other materials, and

d) Conduct of elections to the House of the people and to the State Legislative Assembly when they are held simultaneously including the payment of allowances to government employees and other persons placed on election duty.

If elections however are not held simultaneously, the Central Government bears the entire expenditure in respect of the election to either house of Parliament and the State Government bears it in respect of elections to the State Legislatures.

The remarks apply in relation to the Union territories which have Legislative Assemblies, Council of Ministers, and consolidated funds different from the consolidated fund of the Union as they apply in relation to the States.

The expenditure incurred on the Election Commission of India and the Secretariat, the Delimitation Commission and the Presidential and Vice Presidential Elections is borne entirely by the Central Government.

Five General Elections

The total expenditure on the preparation and revision of electoral rolls and on the conduct of elections to the House of the People and the State Legislative Assemblies of Orissa, Tamil Nadu and West Bengal in 1971 is shown in Table 2 below :

TABLE No. 2

EXPENDITURE BY GOVT. ON GENERAL ELECTIONS

General elections to Lok Sabha and State Legislative Assemblies	Expenditure incurred on Preparation & revision of electoral rolls Rs.	Conduct of Elections Rs.	Total Rs.	Cost per voter Rs.
1951-52	Not available	-	104,547,099	0.30
1957	59,955,719	59,021,786	118,977,505	0.31
1962	23,200,000	50,000,000	73,200,000	0.17
1967	35,400,000	74,100,000	109,500,000	0.22
1971	33,426,381	110,878,245	144,304,620	0.44

The cost of elections to the assemblies (other than Orissa, Tamilnadu, West Bengal and UP) held in 1972 is given below. It is interesting to note that the cost per voter had rocketed to 70 paise even though the complete electorate was not covered.

48,439,242 88,788,950 137,288,192 0.70

Expenditure by Individuals

In Jan. 1971, Rule 90 of the Representation of People's Act 1951 was amended and the amount of election expenditure allowed for a candidate in various States is given in Table No. 3.

Expenditure by Political Parties

There are very strict rules regarding the maximum expenditure permitted for each candidate, and filing the expenditure. In fact, for the minor crime of exceeding the ceiling limit by a few rupees an eminent leader like Shri D. P. Misra (former Chief Minister of Madhya Pradesh) incurred the punishment of 'disqualification for six years'. Nevertheless the political parties are free to spend as much money as they can mobilise. This is rather an anomalous position. There is a wry saying, political parties in India are normally busy with one of the following tasks. 'Selection (of candidates), Collection (of money) and election.

Other Countries

Let us now see how other democratic countries tackle the problem of 'election finance'. The following countries have been considered.

a) U.K.

b) U.S.A.

c) Sweden

d) West Germany

U. K.

In Britain the maximum expenditure which may be incurred by a candidate at a Parliamentary election is 750

pounds sterling with an additional two pence per elector in boroughs. On an average this works out to a spending limit of £ 1,000. A candidate's personal expenses like cost of travelling and hotels not exceeding £ 100 are excluded from the spending limit. The legislation makes it illegal for any one to spend on candidate's behalf except the candidate's election agent who is responsible for all expenses incurred. Expenditure by the central party organisations is not subject to legal limits.

However the State gives the facility of the postal delivery of electoral communications. Each candidate is permitted one free delivery of literature to each constituent. The cost of this worked out to £ 605 in 1964 and £ 667 in 1966.

Besides free time is given by the radio and T V networks for party broadcasts during the general elections. These broadcasts are arranged in consultation with the main political parties. The parties cannot buy further time. The commercial value of the free time given to major parties in the 1966 General Elections was approximately £ 6 million.

U. S. A.

Let us see the position in the USA. The costs of campaigns have been rising consistently in each election year. In 1952 the cost of all elections was approximately $ 140 million. By 1968 the cost had more than doubled to $ 300 million according to estimates by the Citizens Research Foundation in Princeton, New Jersey. Television time charges to candidates quadrupled between 1956 to 1968 from $ 10 million to $ 40 million.

The cost of almost any campaign for federal office is staggering. In 1968, Republicatio reported spending $ 29.6 million through forty six different committees to elect Nixon. Democratic spent 12.6 million through sixty seven different groups in their effort to elect Humphrey. George C Wallace the independent candidate, filed no report but said in a letter that $ 6.7 million had been spent for his campaign.

These are the costs after the parties have nominated their candidates. The costs of getting nominated are high too ! A friend of Senator Robert F. Kennedy said that when Kennedy entered the race for Democratic in 1968, $ 4 million had been set aside for campaigning in three States. By the time he was assassinated Kennedy had gone through the primaries and to run for states the fund was more than $ 9 million in debt and his followers held fund raising dinners in several cities to pay his campaign deficit.

A student of campaign finance found that the Rockfeller fortune provided much of the wherewithal used by atleast one campaign committee supporting Governor Nelson Rockfeller in his bid for the Republican presidential nomination in 1968. Receipts totalled $ 1,840,627 and expenditures were identical amount Mrs. Martha Baird Rockfeller, Nelson's stepmother contributed a total of $ 1,482,625 in eight separate amounts.

Congress has twice enacted laws designed to infuse the election system with money. The Presidential Campaign Fund Act of 1966 was made inoperative before it took effect. The second tax check off plan, contained in the Revenue Act of 1971 was devised to go into operation after the 1972 election year. President Nixon promised to block implementation of this. But it is certain that

passage of the 1971 legislation sets the stage for continued debate about how to change campaign financing in this country.

Past limitation laws were ineffective. They frequently posed unrealistically low ceilings (no more than $ 5,000 after a House seat, $ 25,000 for a Senate seat and $ 3 million for the presidency (for example.) They also provided loopholes that allowed candidate to report only expenditures of which he had knowledge or permitted an office seeker to create multiple committees, each of which could spend up to the ceiling.

Sweden

In Sweden as in other Scandinavian countries, there are no rules about the amount of money spent by a candidate or a party. Since electors vote for parties rather than persons, both in fact and in form, it is the parties rather than the candidates that incur electoral costs.

There is no legislation in Sweden forcing the parties to disclose their financial contributors. Apart from direct public subsidies, party income comes mainly from two different sources—membership fees and voluntary contributions of various kinds.

In 1965, the Government introduced a Bill in Riksdag on State Support for political parties. The bill approved by the then Riksdag and took effect on Jan, 1966. The Govt. scheme for general party subsidies was based on the following four fundamental principles.

1. Grants should be given to such parties only which had a significant support in the electorate as manifested at general elections.
2. Grants had to be calculated mechanically and be distributed according to fixed rules which did not admit of any arbitrary discretion.
3. The amount of grants should be related to the strength of the parties and
4. No state control should exist over the use of the grants.

F.R.G. (Federal Republic of Germany)

The politicians as well as the people of West Germany have given a great deal of thought to the question of 'Financing Election'. The 'Basic Law' enacted in 1948 laid down the broad principle of public accountability of funds by political parties and said 'details should be laid down by the federal laws'.

Eighteen years after the Basic Law came into force a comprehensive statute was enacted, the Political Parties Act of July 24, 1967 (Parteiengesets.) Before and after its enactment the Federal Constitutional Court delivered several judgments in order to maintain the scales even between political parties big and small. The process that led to the etstablishment of the system that obtains today is as instructive as the system itself.

Article 21 of the Basic Law propounds two other Basic principles besides accountability of sources of funds. "The political parties shall participate in the forming of the political will of the people. They may be freely established". Such a constitutional recognition of the public duty which political parties perform in a democracy is of great significance. Its corollary is that

"their internal organisation must conform to democratic principles."

As a result of the experience gained during 18 years, the Parties Act 1967 was enacted. It runs into 41 articles and comprises broadly of three parts. The first, from Articles 1 to 17 sets out the minimum provisions concerning the internal set up in order to ensure that their organisation is run on democratic principles. The second part (Articles 18 to 22) deals with the public subsidy, and the third with accountability of sources of income by the political parties.

The Act begins (Article 1) by recognising that political parties are a necessary part of a free, democratic political order, that their free participation in political life contributes to the education of the people, and they thereby fulfil the important role assigned to them by the Basic law. But it requires them to have a written programme, and a constitution.

Political parties have a legal personality and the State is enjoined to treat them alike except where different sizes necessitate differential treatment. The party executive must be responsible to the national party conference. Arbitration procedures for party squabbles are laid down, so also the procedure for dissolution. Bossism is minimised by providing that candidates to Parliament shall be nominated by secret ballot. Under the Electoral law (Bundeswahgesetz) a Chief Supervisor of Elections is to be appointed to ensure the freedom of the poll. It is his duty to see that the political parties abide by the provisions of the Parties Act in regard to their internal set up and he can enforce them by imposing a fine ranging from 500 to 3,000 DM.

Only political parties which contest the election with their own list of candidates are eligible for the reimbursement by the State of the cost of election campaign, as the Act puts in order to distinguish it clearly from the subsidy of old. A party could receive 2.50 DM per vote received at the last federal election. The total amount is paid in proportion to the number of votes received for the party list candidates in each land, as distinct from the candidates who stand from individual constituencies, in advance of expected election costs. This may not exceed 10 per cent in the second year of the electoral period, 15 percent in the third, and 35 percent in election year. Only those parties which had received atleast 2.5 percent of the total votes were eligible. But the Federal Constitutional Court ruled, on December 3, 1969 that this would favour the established parties against the new aspirants and reduced the minimum qualification 0.5 percent of the total votes. The amount is paid in advance and is subject to adjustment by refund of excess or payment of additional amount if the party polls less or more votes in the election, as the case may be.

It is pertinent to notice that the election costs are fixed and distributed to the parties not by the Government but by the President of the Bundestag. He decides questions of eligibility and Act casts on him the duty to withold the money from a party which has failed to reveal the sources of its income. The parties must present to the president of the Bundestag, through the Government, annually (Article 23) audited statements of accounts in the prescribed form which is published in the Official Gazette. It must set out the income derived from membership fees, contributions from membership fees, contributions from legislators, property sale of literature, donations, loans, State

reimbursement of election costs and from any other head (Article 24.)

The position after trying out the Parties Act of 1967 is summed up aptly in 1974 by Dr. Schmitt Vockenhausen, Vice-President of the Bundestag as follows: "It is an undisputed fact that private groups are now having less influence on legislation. Lists of election candidates are no longer determined by the money coming in from outside; in fact the amount contributed by direct candidates is of practically on significance these days in any of the parties.

The German model is considered, by far the best and is quoted approvingly by many intellectuals in India.

Tarkunde Committee :

This Committee appointed by Mr. Jayaprakash Narayan in 1974 on behalf of the various opposition parties.

The committee which consisted of Mr. V. N. Tarkundo, Mr. M. R. Masani, Mr. P. G. Mavalankar M. P., Mr. A. G. Noorni, Prof. K. D. Desai and Mr. E. P. W. da costa (Convener) was specifically asked to study the present system and law of elections with particular reference to the use of money power, the misuse of official authority and machinery and to recommend appropriate measures of reform to secure free and fair elections. The committee submitted an interim report on certain aspects of the inquiry and then presented its final report in February 1975. The committee examined memoranda submitted by persons from all over the country including top political party leaders in response to its request for their views.

The Committee which came to the conclusion that money power was the key to success in elections suggested several changes in the law and procedures to contain money power. Main suggestions are given below :

(a) All recognised political parties be required by law to file their income and details of expenditure. They should be audited by chartered accountants nominated by the Election Commission and should be open to public inspection on moderate charges.

(b) In every constituency, all the amounts spent, directly or indirectly, for the furtherance of the prospects of a candidate shall be disbursed through his election agent. These should include amounts spent by the candidate's political party or any organisation or persons supporting him. The committee did not however favour the suggestion that the larger part of the expenditure should be passed on to the public revenues (Adequate reasons for this are not available. Please connect this with the FRG model.)

(c) The Government could bear the cost of certain facilities like supplying printed cards giving the registered number of a voter and the polling booth along with the names and symbols of candidates to every voter. Each candidate could also be allowed to send to each voter free of postage,one communication containing matters relating to the election. School rooms and meeting halls should be available for meetings in furtherance of the candidature of every candidate at reasonable times and at a nominal cost.

(d) As regards ceiling on election expense, the Committee was in favour of doubling the limit. This was necessary in

view of their recommendation that party expenses and all other expenses should be included in the returns of the candidate's expenses.

(e) It also suggested that deposits required from candidates should be increased from Rs. 500 to Rs. 2,000 in the case of Parliamentary elections and from Rs. 250 to Rs. 1,000 in the case of Assembly or Council elections.

(f) For any donation to a political party or for political purpose upto Rs. 1,000 per year the assessee should be eligible for exemption under the Income Tax Act.

(g) The present ban on Corporate donations should continue since "We are not satisfied that legalising company donations will necessarily prevent clandestine payments being extorted from companies. Indeed, we believe that the way in which the ban at present is being evaded by large payments being made for so called advertisements in the so called souvenirs of political parties should be prevented by the law."

Referring to the Representation of the People (Amendment Ordinance of 1974) in the wake of Supreme Court Judgment, the Committee said the amendment had nullified the Supreme Court's ruling. It did not agree with the Government that the Court ruling had altered the law basically and thus affected unfairly pending election petitions.

Recent Developments :

Recent long drawn out and agonising legal battle about the election of Smt. Indira Gandhi from Rae Barreily constituency (though money power was not the issue) has created a new awareness in our people about the need for simplifying and rationalising the election law. During the last two years, our Prime Minister has repeatedly asked for a national debate on 'election reform'. She has also said that she has no pre-conceived ideas and wanted practical suggestions. All right thinking people certainly want to eliminate the use of 'money power in elections'.

Due to the hue and cry of the opposition, an impression is created sometimes that the ruling party (at the Centre or State) have an edge over the other parties in money power. Detailed investigations show that all major parties accept contributions from capitalists and companies who normally back atleast 'two most likely to win parties'. By this method, they always manage to retain the goodwill of the winning party.

Mr. Herbert E. Alaxander, Director of the Citizens' Research Foundation and Former Executive Director of President Kennedy's Commission on Campaign Costs is considered one of the top most authorities in USA on 'Campaign Finance'. His famous book 'Money in Politics' (quoted earlier) is based on the theme 'American Society has no excuse to tolerate a debt ridden, obligation bound

political system'. Mr. Alaxander has certainly echoed the sentiments of all true democrats.

Whilst money does play a certain role in elections, it is incorrect to say that money power is the most dominant factor in influencing the electorate. Let's see what happened in the 1967 elections. At that time the Congress was the ruling party both at the Centre and in almost all the States. Nevertheless after the 1967 elections non-Congress governments came to power in several States. We must however evolve a system so that the political parties and candidates are not subjected to the pressure or manipulation of 'the money bags'. This is possible if the political parties spend more time and energy in educating the public so that the latter will willingly contribute to the campaign fund out of a sense of civic responsibility. Once the proper climate is created details like imposing 'an election cess' or permitting tax relief can easily be worked out.

There is a saying "It is always easier to be honest when solvent". This basic truth is applicable not only to individuals but also to families, political parties and even nations. Let us ensure that our political parties and candidates are solvent both financially and morally.

References :

1. Representation of the People Act 1951.
2. Report of the Fifth General Election in India 1971-72—Narrative and Reflective part—by S. P. Sen Verma, Chief Election Commissioner of India.
3. Money in Politics by Herbert E. Alexander.
4. Guide to the '72 Elections' (US News and World Report)
5. Financing Presidential Campaigns - by Delmer D Dunn.
6. U N I Backgrounder.
7. Financing Poll Campaign by A. G. Noorani.

TABLE : I

DISTRIBUTION OF SEATS – LOK SABHA/ASSEMBLY

State	Lok Sabha Present Strength	Lok Sabha New	Legislative Assembly Present Strength	Legislative Assembly New
Andhra Pradesh	41	42	287	294
Assam	14	14	114	126
Bihar	53	54	318	324
Gujarat	24	26	168	182
Haryana	9	10	81	90
Himachal Pradesh	4	4	68	68
Jammu and Kashmir	6	6	75	76
Karnataka	27	28	216	224
Kerala	19	20	133	140
Madhya Pradesh	37	40	296	320
Maharashtra	45	48	270	288
Manipur	2	2	60	60
Meghalaya	2	2	60	60
Nagaland	1	1	52	60
Orissa	20	21	140	147
Punjab	13	13	104	117
Rajasthan	23	25	184	200
Tamil Nadu	39	39	234	234
Tirupura	2	2	60	60
Uttar Pradesh	85	85	425	425
West Bengal	40	42	280	294
Andaman and Nicobar Islands	1	1	—	—
Arunachal Pradesh	1	2	30	—
Chandigarh	1	1	—	—
Delhi	7	7	56	56
Lakshadveep	1	1	—	—
Goa, Daman and Diu	2	2	30	30
Mizoram	1	1	30	30
Pondicherry	1	1	30	30

Note: Sikkim is a new entrant with one seat.

TABLE: 3

MAXIMUM AMOUNT OF ELECTION EXPENDITURE WHICH WOULD BE INCURRED BY A CANDIDATE AFTER THE AMENDMENT OF RULE 90 IN 1971

Name of State/Union Territory	Maximum limit of election expenses in any one of Parliamentary Constituency Rs.	Assembly Constituency Rs.
I STATES		
1. Andhra Pradesh	35,000	10,500
2. Assam	35,000	9,000
3. Bihar	35,000	12,000
4. Gujarat	35,000	10,500
5. Haryana	35,000	9,000
6. Himachal Pradesh	35,000	5,000
7. Jammu & Kashmir	25,000	—
8. Kerala	35,000	10,500
9. Madhya Pradesh	35,000	10,500
10. Maharashtra	35,000	12,000
11. Manipur	17,500	2,500
12. Meghalaya	17,500	2,500
13. Mysore	35,000	10,000
14. Nagaland	15,000	2,500
15. Orissa	35,000	10,500
16. Punjab	35,000	10,000
17. Rajasthan	35,000	10,000
18. Tamil Nadu	35,000	12,000
19. Tripura	17,500	2,500
20. Uttar Pradesh	35,000	13,500
21. West Bengal	35,000	10,500
11 UNION TERRITORIES :		
1. Andaman & Nicobar Islands	12,500	—
2. Chandigarh	10,000	—
3. Dadra and Nagar Haveli	6,000	—
4. Delhi	10,000	—
5. Goa, Daman and Diu	12,500	3,000
6. Lakshadveep, Minicoy & Amindivi Islands	12,500	—
7. Mizoram	12,500	2,500
8. Pondicherry	12,500	3,000

* * * * * * *

Summary of Discussion

In the discussion of the paper at the Seminar held in the Seminar room of the Institute on Thursday, the 27th November, 1975, the author started with the general statement that expenditure on elections were incurred by the Central and State Governments for conducting the elections and by the various political parties and individual candidates standing for elections. The Government expenditure is incurred on preparation and revision of electoral roles and organising the elections. This expenditure was Rs. 0.30 per votes in 1951-52 and rose to Rs. 0.44 and Rs. 0.70 respectively for the general elections held in 1971 for parliament and three State Legislatures and in 1972 for the remaining State Assemblies. The expenditure permissible to individual candidates is strictly limited by law while no limits are set for expenditure by recognised political parties which is a curious anomaly. The maximum amount fixed by amendment to Rule 90 in 1971 for individual candidates varies in different States, but in practice appears inadequate and stringent penalties for infringement have resulted in disqualifications in some instances. The concept of Representative democracy is a western legacy and a study of the electoral processes in U.K., U.S.A., Sweden and West Germany provides useful comparisons. In U.K. the basic individual limit is £ 750 with an additional two pence per elector in borough. But the Government allows one free delivery of literature to each constituent. Besides free time is given by the radio and T.V. networks for party broadcasts during the general elections. In U.S.A., campaign finance studies reveal that very large sums of money are expanded, which amounted to $ 300 million in 1968. The existing congressional enactments have not had the desired effect of ensuring accurate returns of expenditure in election campaigns. In the Federal Republic of Germany the Political parties have a statutory responsibility of educating the electorate. The two Legislative measures which govern election procedures are the 'Basic Law' of 1948 and the 'Political Parties Act' of 1967. The main unusual features of the electoral system are that the candidates to Parliament are chosen by secret ballot and that election expenditure is reimbursable to the political parties by the President of the Bundestag subject to disclosure of sources of income by the parties. On the other hand there are no laws enforcing ceilings in expenditure of elections in Sweden. In India there is a growing awareness of the need to simplify and rationalise the election law. This is reflected in the the term of reference of the Tarkunde committee which included a study of the existing laws, the use of money power and to recommend appropriate measures to ensure free and fair elections among other things. The committee felt that money power was the most potent factor in success in elections and made number of recommendations including disclosure of the income and expenditure incurred in elections by parties, disbursements should be through accredited election agents, Government to bear the cost of certain facilities and recommended higher ceilings for individual election expenditure and higher deposits by candidates. The author is of the view that contrary to general opinion money was not always a decisive factor in elections. It is necessary however, to evolve a system which is free of financial pressures, an objective which can be attained if

political parties spend time and energy in educating the electorates in their civic responsibilities. Another suggestion made is that mobile polling booths could be introduced which would reduce expenditure on transport and food for the voters incurred by the individual candidates.

During discussion it was observed that prescribing of a ceiling for the individual expenditure while there was no such restriction on party expenditure is anomalous and undesirable. Commenting on disqualification by courts of candidates on purely technical grounds, it was pointed out that candidates in some cases might have indulged in other illegal practices. The view was expressed that the ceiling on party expenditure could be set giving some weightage to the number of constituencies contested. Corporate donations should be referred to the shareholders decision. Under present conditions the party in power seem to have an edge over the other groups. However, there were instances in which the ruling party met reverses as in the Andhra elections of 1952 and 1955. Secrecy of ballot for the individual voter could be better ensured if identity slips were issued by government instead of party workers. It was also the responsibility of the government to educate the voters in election procedures. Referring to the expenditure for elections which stood at about Rs. 144 lakhs in 1971 a view was expressed that the interval between elections could be reduced to three years so that a change in public opinion could be reflected earlier. Another opinion was that one-tenth of the members of a legislature could demand a fresh election and the life of the Lok Sabha could be seven years while the assemblies' continue to be five years. The theme of the paper is the economics of election which is a secondary issue compared to the wider political issue of securing free and fair elections. Elections as held to-day do not seem to be a satisfactory measurement of public opinion. Parties. without sufficient financial resources are unable to afford sphisticated mass media, such as radio and television, and, therefore, handicapped to that extent. In this connection an analytical study of various factors influencing elections—communal economic, political, religious and money influence—would be useful. A desirable innovation would be for the constituencies to have the right to recall their legislators. It was observed that independent candidates even if elected were ineffective and only party candidates should be allowed to contest elections.

Experience over the last 25 years of the electoral process has highlighted the need for a national dialogue on the working of the electoral system and a national consensus to arrive at the reforms required. Sound democratic traditions called for an educated electorate and the responsibility thereof should be shared by the State and the political parties.

Some Thoughts on Mid-Year Review of Tamil Nadu Economy*

Development Trends :

Three recently published statistical documents reveal somewhat disturbing trends in the Economy of Tamil Nadu compared to that of the other States in the Union. The source documents are CSO's monthly Statistics (up to May 1975) the 22nd round referring to 1968-69 of the National Sample Survey and the R.B.I.'s All India Debt and Investment Survey (Rural) 1971-72. The three statistical compilations show certain inter - State trends in price inflation, levels of living as expressed in consumer - expenditures, and patterns of rural inequality.

Price Inflation :

CSO estimates show that All-India all commodities price index rose by 40 per cent between 1972 and 1974 and then declined from that point by —5 per cent up to May 1975. Similarly the All-India Industrial workers index rose by 45 per cent between 1972 and September 1974 and then began falling by —3 per cent up to May 1975. The Tamil Nadu Industrial workers index, on the other hand, which showed a lower rise of 30 per cent between January and September 1974 continued to rise by 46 per cent upto May 1975. It is in the rural area that the impact of inflation has been serious. While the All-India agricultural workers index rose by 60 per cent between 1972 and September 1974 and then fell by —6 per cent up to May 1975, the Tamil Nadu agricultural workers index registered a normal 4 per cent rise between 1972 January to September 1973 and then shot up steeply by 66 per cent up to September 1974 and continued the ascent by a further 9 per cent up to May 1975. The special price behaviour of Tamil Nadu is traceable to the 1974-75 drought and the power cut which at one stage reached 100 per cent. But the question raised is the differential impact of these constraints on rural society in Tamil Nadu as compared to other States.

Levels of Living:

The 22nd round of the NSS shows that in terms of per capita consumption, rural Tamil Nadu which was in the sixth highest position among 15 States (after Punjab, Kashmir, Assam, West Bengal and Union Territories) in the 18th round had fallen to the second lowest position, only after Kerala, among the 15 States. Relatively there was a marginal fall from the 7th lowest to the sixth inter-State position in the urban sector. What needs investigation is the peculiar trend in rural living levels as shown in consumer expenditure and corrected as it has been proved and needs to be done in the case of States like Kerala. (The Centre of Development Studies, Trivandrum, calls attention to the unreliability of the NSS consumer expenditure computation for Kerala as it ignores the consumption of tapioca, which is the poor man's cereal).

Rural pattern of inequality :

The RBI Survey of rural assets indebtedness shows again several disquieting features. On the assets side, the average

---

* Extracts from the address of Dr. Malcolm S. Adiseshiah to the Industry Minister's Seminar held at Madras on October 5, 1975.

rural house holder in Tamil Nadu has only 1/5 of the assets of the rural Punjabi household and in fact is in the lowest position among the 16 States surveyed. This is explained by the fact that among cultivator households, this State is in the third lowest household assets position, but even worse in the agricultural labourers household has the second lowest asset position, Rs. 694.82 compared to the All-India average of Rs. 1,139.06 and Rs. 3,474.17 for the Punjabi agricultural labourer household. A second feature is the higher degree of concentration of rural assets where Tamil Nadu does both better and worse than other States. 53.76 per-cent of cultivators, 32.27 per cent of all rural households and 1.49 per cent of agricultural labour households in this State are in the above Rs. 5,000 assets group, whereas in States like Punjab, Haryana, Gujarat and Maharashtra 70-94 per cent of cultivators, 50-85 per cent of rural households and 3 to 21 per cent of agricultural labourers belong to this group. The pattern of inter-State rural inequality is brought home by the fact that Tamil Nadu has the highest percentage (75.54) of rural households in the poorest assets group of up to Rs. 500, it is only 5 other States which have been 11-19 per cent of rural households in this group all the others being below 9 per cent. The peculiar trends in relative rural poverty and inequality in the State merit particular attention by policy planners.

Contingency Planning :

The drought and its consequence have caused a 25 to 30 per cent decline in this years foodgrains and agricultural production. This has a lesson for us planners. We should stop assuming and basing our plans on the assumption that there will be a normal rainfall every year, that there will be no national and/or international setbacks on fertiliser availability and prices, that there will be no attack of a new plant pest, all of which result in unrealistic and unrealisable planning. Would it not be better to plan on the basis of a 5 or 10 per cent short-fall, or even better develop alternative plans on the assumptions of varying levels of supply shortfall price inflation and domestic and/or international demand recesssion. In any case there is a case for use of contingency planning techniques in our medium term plans.

Another area demanding such planning techniques is power. We are fortunate in that our power supply situation is normal this year, thanks to our full reservoirs. But we will face a critical power situation in the 3 following years 1977, 78 and 79, when agricultural and industrial demand for power will increase by an annual 10-12 per cent, with no projects becoming critical in those 3 years. It is only in 1980 that Kalpakkam will become critical, Tuticorin thermal go on stream, and Neyveli expansion become operational. Even these will not quite add up to the 32-36 per cent cumulative increase in the demand for power which would have built up in the years between now and 1980. Under these circumstances, it will be prudent to plan on the basis of a 25-30 per cent cut for each of the 3 years, to reduce the location of power intensive industries in the State, and to buy in now into Idikki, its second-stage, as well as its current surplus power as a kind of insurance.

Agriculture:

A little more stability to our agricultural production can be given by a programme of selective mechanisation of agricultural operations and education in farm management. Simple and improved ploughs, harrows, threshers, drying

machines and storage bins as well as continuing energisation of pumpsets can improve labour productivity not only without decreasing agricultural employment, but can also make our farms more labour intensive. Japanese and Taiwanese agriculture are twice as labour intensive as Tamil Nadu and Indian agriculture. The other reason for this is the greater farm management input. For the Thanjavur and Tirunelveli district farmer instruction in crop rotation, double or treble cropping, land and water management which combines engineering, chemical and biological inputs can be equally, if not more, productive as is the use of the new seed-fertiliser technology.

Reflation:

The State's current record in cement engineering goods, chemicals, pharmaceuticals, electronics and textiles is good. There are setbacks in sugar production, leather exports building up of stocks in handlooms and consumer durables and a recession in the construction industry. One reason is the immobilisation and withdrawal of black money from financing and trading in the areas. Pending measures to bring these funds back into investment and business financing, there is need for short term and immediate Union and State Governments programmes of selective reflation, starting with the construction industry.

ANNUAL REPORT OF THE MADRAS INSTITUTE OF DEVELOPMENT STUDIES—1975

I. General:

The progress of work in the Fifth year of the Institute was a satisfactory one. Its four-fold function was carried out in accordance with the programme of work for the year placed before the fifth meeting of the committee. Its programme of agro rural studies for the State was completed in the case of 5 studies, with 4 studies spilling over into 1976. The programme of seminars was expanded to include a second monthly seminar as part of a study of Tamil Nadu's Education Development for 1976-86 being undertaken for the Indian Council of Social Science Research. In place of the Annual Conference - Seminar, the Institute helped in organising for the Indian Economic Association, a national seminar on Improvements in the Teaching of Economics at Andhra University, Waltair. The Institute's programme of publications consisted of the publications of 3 monographs in the MIDS - Sangam series, a Report and Plan on non formal education for Tamil Nadu and help in the Report to the State government on the Educational Finances of the State. Finally the Institute continued to serve as the intellectual focus for the social scientists of the 17 Southern Universities, through the annual meeting of the Heads of the Departments and the fifth workshop on inter disciplinary research methodology.

The work of the Institute was carried on against some normalisation of the hyper inflationary conditions in the country referred to in the last report but in the background of the most severe drought suffered by this State over the past century and the power cut, acute food grains shortage, declining savings, investment and employment and continued rise in prices as a consequence. The need for contingency planning to allow for short falls in food grains production and power was one lesson drawn. At the national level the Institute analysis led to the publication of papers and advocacy of a policy of (a) a mild and selective reflation in certain key areas such as construction, (b) stabilising excise taxes at the present high level, and (c) delinking the Rupee from the pound sterling and linking it to a basket of currencies.

During the year, the number of trustees of the Institute was expanded from two to four. The Founder trustees, Dr. and Mrs. Malcolm Adiseshiah accordingly welcomed into the board of Trustees Mr. M. N. Rao, and Mr. M. S. Appa Rao. Further long term plans for the life and functioning of the Institute were developed during the year. The Plan includes the Institute being sponsored and financed by the Government of India through the ICSSR, the Government of Tamil Nadu and Founder Trustees. In place of the current level of operation of a little over Rs. 60,000 a budget of Rs. 3 lakhs per annum starting in 1978 expanding to Rs. 10 lakhs by the Sixth Plan with a full time paid Director, 6 Senior Fellows of professors - Readers grade, 10 junior technical assistants and a proportionate number of administrative staff is envisaged. Also a building pro-

gramme is underway to double the existing accommodation and provide for a Library building. The present advisory committee is to be replaced by a Board of Management or Managing Trustees whose membership would consist of academic staff of the 4 Southern Universities, the director and senior fellows of the Institute, representatives of the ICSSR and the State Government and the existing Trustees. It is also planned that the Institute be an approved institute of the Madras University recognised for Ph.D. work and develop close relations with university staff. The Institute will continue its focus on the agro-rural sector of the State.

2. Studies

During the year the following studies were completed:-

(a) *Unemployment of I.T.I. trainees in Tamil Nadu.* The study after analysing the grave unemployment situation, proposes changes in the implementation of the Apprenticeship Act both to employ more trainees and give them real industrial experience and reform of the specialisation offered in the I. T. I. to meet the current employment demands.

(b) *Economic and social status of small Fishermen in Tamil Nadu.* The study analyses the low income, and education status of the small fishermen community and proposes a programme of co-operatives for equipping them with modern fishing craft, protecting their grounds from encroachment by large fishermen and programme of marketing and distribution of their catches.

(c) *Operational efficiency of small and medium plantations in Tamil Nadu.* This study brings out the facts and causes for the comparative low productivity of small and medium planters and proposes a plan for improving their efficiency to be undertaken by the small and medium planters, the industry as a whole and the government.

(d) *Economics of sugar cane cultivation in Tamil Nadu.* This completed study after tracing the rapid expansion of the industry, analyses the causes for its current stagnation in percentage of sucrose content and extraction and proposes a programme for implementing and increasing its productivity.

(e) *Rural Housing in Tamil Nadu.* The large shortage in rural housing is the subject of the study together with a phased programme over the Fifth and Sixth Plans to operate a viable rural housing programme.

The following studies are continuing:-

(a) Primary Education and adult literacy in Tamil Nadu. This study is now nearly completed and should be ready for publication in 1976.

(b) Educational profile of jobs in Tamil Nadu. This study is also being completed, its author finalising the manuscript during his study abroad.

(c) Rural poverty and Rural underemployment in Tamil Nadu. The research design for this project has been established and work on the study will start in 1976.

(d) Commercial cultivation of vegetables in Tamil Nadu. This study has been delayed and is being undertaken and will spill over into 1976.

(e) Link roads investment in Tamil Nadu. This study has been postponed to 1976.

3. Seminar:

The regular monthly seminar for 1975 was conducted in accordance with the agreed plan. The membership of the seminar was, with a few changes stated in document AC/3. The programme of the seminar was as follows.

Programme :

Theme: Current Problems in Tamil Nadu

Subject	Author	Chairman	Date
Tamil Nadu Economy 1973	T. S. Venkataswami	T. V. Natarajan	Thursday, 30th Jan.
Anti-Inflationary measures	Fr. A. Devasia	M. N. Rao	Thursday, 27th Feb.
Energy Problem	S. Sampath	A. Ramakrishnan	Thursday, 27th March
Student Unrest	M. Abel	Dr. M.S. Adiseshiah	Thursday, 24th April
NO SEMINAR IN MAY			
The Rural Poor	P. V. Rajkumar	K. K. Pillai	Thursday, 26th June
Pollution Problems	V. C. Kolandaiswamy	M. S. Appa Rao	Thursday, 31st July
The Urban Poor	S. Ramanathan	J. Ramachandran	Thursday, 28th Aug.
Women in Tamil Nadu	S. Nityananda	A. Joshua	Thursday, 25th Sept.
Slum Clearance and Social Change	C. M. Abraham	S. Ramanathan	Thursday, 30th Oct.
Economics of Election	T. V. Natarajan	R. Venkataraman	Thursday, 27th Nov.
Taxation of Agriculture	V. Shunmugasundaram	M. V. Arunachalam	Thursday, 23rd Dec.

The Seminar serves its purpose of promoting an interdisciplinary dialogue on current problems. It tends to be dominated by economists, with educationists and scientists closely following. The tradition is yet to develop for the paper writers to keep their presentation down to 10 minutes to give time for discussion.

(b) As noted earlier, the Institute agreed to participate in an All India Study on Educational Development for the next 10 years 1976-1986 sponsored by the ICSSR. 1976 marks 10 years after the Kothari Commission and this study is both a retrospective review and prospective strategy exercise. For Tamil Nadu this involves a statistical recomputation of the perspective plan, Towards a Learning Society, the publication of the plan on Non formal Education, and a monthly special seminar which is restricted to 17 members meets on the last Friday of every month. The membership of the special seminar is:

Name	Residence	Name	Residence
1. K. Venkatasubramanian	Madras	10. A. P. Jambulingam	Madras
2. V. T. Titus	Madras	11. S. V. Chittibabu	Madurai
3. S. Krishnamoorthy	Hyderabad	12. S. Sampath	Madras
4. S. Balakrishna Joshi	Madras	13. Miss Mathew	Madras
5. S. S. Rajagopalan	Coimbatore	14. Mrs. Venkatachalam	Madras
6. K. Parthasarathy	Madras	15. R. Rangabashyam	Madras
7. Sister Catherine McLevy	Madras	16. M. M. Muthiah	Madras
8. T. Koilpillai	Sivakasi	17. K. Muniandi	Madurai
9. C. T. Kurien	Madras		

The Seminar programme under the chairmanship of the Director for this year has been

Subject	Author	Date
Evaluation of Some Educational experience in Tamil Nadu	K. Venkatasubramanian	Friday, June 27
Policy and Performance in Tamil Nadu Education	V. T. Titus	Friday, July 25
Functional Literacy	S. Krishnamoorthy	Friday, Aug. 29
The Role of Teacher in the process of learning	Balakrishna Joshi	Friday, Sept. 26
Curriculam in terms of objectives and disaggregated learning units	S. S. Rajagopalan (Coimbatore)	Friday, Oct. 30
A Practical Plan for multi point entry in the 10 year school	K. Parthasarathy	Friday, Nov. 28
Non formal education for the age group 6-11	Sister Catherine McLevy	Friday, Dec. 26

The Seminar is more structured, better disciplined and is contributing to the thinking on educational development for the next 10 years in the State.

4. Inter University Programme :

a) *Fifth Workshop on Interdisciplinary Research Methodology.* The workshop on Interdisciplinary Research Methodology on Regional Planning with special reference to the attack against poverty was held at the University of Mysore from May 4th to 11th under the direction of Dr. C. Parvathamma and attended by 7 economists, 3 political scientists, 2 geographers, 1 sociologist, 1 psychologist, 2 anthropologists, and 1 commerce specialist assisted by Prof. Brahmananda of Bombay and Prof. Ravi Mathai of Ahmedabad. The workshop had advantages and disadvantages of limited numbers and while it moved forward on understanding disciplinary research approaches, did not move much further forward on the interdisciplinary methodology issues. The workshop issued a declaration of Regional Planning and Poverty in which it, inter-alia states:

"The workshop discussion also revealed a broad consensus on the need for effective use of the methodological approaches of the various disciplines for the study of institutional structures and the interplay of technical, economic, social and political forces at various levels. The workshop felt that attempt should be made by social scientists to study the total system or to integrate the studies of its parts undertaken separately. In empirical work, survey research has to be combined with case studies (of families and other primary social groups, individual leaders etc.) and whole village studies with a systematic approach. Only then it will become possible for social scientists to gain real insight into the nature and dimensions of the poverty problem at the National, State and Regional levels, and to be able to devise proper policies and programmes for the eradication of mass poverty.

Specifically, the workshop recommends that the Social Scientists in India:

(1) should increasingly direct their researches into the regional and sectoral aspects of the mass poverty problem. Particularly detailed studies have to be made of institutional structures which underlie the modes of production and development processes and of the socio-political organisations, and how these structures are changing over time;

(2) should make intensive studies with a view to evolving regional planning approaches and techniques for determining appropriate and efficient organisations at the village, block and higher levels, both for the purpose of development planning and implementation of plans with eradication of mass poverty as the principal objective;

(3) should pay special attention to policy and action-oriented researchers, with their own involvement in the programmes of development for reduction of mass poverty, and to the evaluation of such programmes undertaken by the National and State governments in the recent years;

(4) should recommend the alternative approaches for economic and social progress in the context of the realities of the Indian situation and people's aspirations, while at the same time working for a speedy transformation of the socio-economic structure, educational systems and political processes so that democratic planning will achieve elimination of mass poverty in the quickest possible time; and

(5) finally the universities and their social scientists should seriously consider whether their objectives, organisational cultures, processes, structures and environmental links are conducive to interdiscip-

linary research, and should evolve new forms which will provide the appropriate motivation and facilities."

(b) Fifth Meeting of the Heads of Departments of Social Sciences of South Indian Universities. The Fifth meeting of the Heads of Departments of Social Sciences was held in the Institute on Saturday and Sunday, December 13 & 14. It reviewed the problems faced by the Social Scientists in the Southern Universities in their teaching and research programmes and the extent to which the recommendations of the past meeting have been acted upon. The main problem continues to be assistance—technical as well as financial—to members in their pursuit of research. It examined the programme of text books and reference works that the Social Scientists are undertaking and noted the initiative progress in the programme of research methodology built into the Ph.D. and per Ph.D. programmes of the Universities. After review of the fifth workshop on interdisciplinary research methodology and decided to organise in May 1976 in the Tamil Nadu Agricultural University, a week's workshop for Social Scientists on interdisciplinary research methodology around the theme "Indicators for measuring rural levels of living."

5. Publications

(a) *Bulletin.* The Bulletin of the Institute was published in 1975 in 11 issues. Its subscription list has been expanding and its coverage stabilised around the monthly economic, educational and health developments in the State and the Country. The special issues No. 5 & 6 contained the results of Fifth census of Social Science Research in Tamil Nadu summarising the 117 reports received in 14 social science disciplines. The special issue No. 12 contained in the special section selected papers from the Mysore workshop and the Waltair seminar on improvements in the teaching of Economics.

(b) *Publications.* The publications of the Institute for 1975 were:

1. Small Fishermen in Tamil Nadu
   —by C. Selvaraj.
2. Rural Employment in Tamil Nadu
   —by J. Viswanathamurthy.
3. Towards a Functional Learning Society
   — by Malcolm S. Adiseshiah.

In view of the difficulty faced by the St. Louis Institute Press in printing out the Bulletin on time, the printing was transferred to Aslami Printers, Arunachalapuram, Adyar, Madras-600020.

6. Accounts

The audited statement of accounts for the year 1st April 1974 to 31st March 1975 are set forth below:

MADRAS INSTITUTE OF DEVELOPMENT STUDIES
INCOME AND EXPENDITURE FOR THE YEAR ENDED 31st MARCH 1975

EXPENDITURE

To Salaries		18,941.30
,, Printing & Stationery		20,064.38
,, Books and Periodicals		966.45
,, Postage and Telegrams		1,656.50
,, Telephone Charges		1,587.35
,, Electricity Charges		1,194.25
,, General Expenses		9,164.51
,, Repairs and Maintenance		343.94
,, Insurance Premium		500.00
,, Urban Land Tax		163.00
,, Conveyance		100.05
,, Bank Charges		8.36
,, Audit Fees for 1975		450.00
,, Depreciation-Books 25%	18,750.00	
Building 20%	1,357.00	
Furniture 10%	2,406.00	
Elec. Fittings 10%	366.00	
Air Conditioners 15%	598.00	23,477.00
		78,617.09

INCOME

By Donations Received		4,988.50
,, Miscellaneous Receipts		4,574.12
,, Interest received	20,291.73	20,291.73
,, Subscription received		424.96
,, Travelling Expdr. Reimbursed	22,223.15	
,, Less Travelling Expenses	21,272.50	950.65
,, Excess of Expenditure over Income		47,387.13
		78,617.09

BALANCE SHEET AS AT 31st MARCH 1975

LIABILITIES

Donors, Trustees & Endowments as per last B/S	4,09,742.73	
Add Additions during the year	57,417.12	4,67,159.85
Income and Expenditure a/c as per last B/S DR	9,367.23	
Add Excess of Expenditure over Income	47,387.13	56,754.36
		4,10,405.49
Monograph on Kurchiva Project Grant Received	4,000.00	
Less Expenses	3,700.00	300.00
International Adult Education		1,195.76
Andhra University Social Science Committee		100.00
Outstanding Liabilities		
Audit Fees for 1973/74	300.00	
" " " 1974/75	450.00	750.00
		4,12,751.254

ASSETS

Building		54,682.00	
Less Depreciation		1,357.00	53,325.00
Books		75,000.00	
Less Depreciation		18,750.00	56,250.00
Furniture and Fixtures		24,061.00	
Less Depreciation		2.406.00	
			21,655.00
Electrical Fittings		3,668.00	
Less Depreciation		366.00	3,302.00
Air Conditioners		3,990.00	
Less Depreciation		598.00	
			3,392.00
Sundry Debtor			
Indian Economic Association			749.45
Deposits and Advances			
Fixed Deposit with I.O.B.	2,40,000		
Add Interest accrued	2,000		
		2,42,000.00	
Telephone Deposit		360.00	
Electricity Deposit		260.00	
A.S.M. Abdul Khader & Co.		235.00	
			2,42,855.00
Cash and Bank Balances			
Cash on Hand		355.41	
Cash at Bank		17,482.98	
Current A/c with S. B. I.		361.86	
I. O. B. S. B. A/c		13,022.55	31,222.08
			4,12,751.25

C. JOSEPH & CO.
Chartered Accountants.

Statement of Social Scientists at the ICSSR Workshop on Poverty with special reference to regional planning as a means of Attack Against poverty, held at Mysore, from 4th to 11th May, 1975.

I

The ICSSR work-shop on poverty with special reference to Regional Planning for attack against poverty brought together at Mysore Social Scientists representing various disciplines (Anthropology, Sociology, Economics, Political Science and Public Administration, Geography, Psychology and Management) to discuss appropriate inter-disciplinary methodologies for research into the various facets of the problem of mass poverty in India with particular reference to Regional Planning as a major instrument of attack against it. It was noted that the problem of mass poverty in India, with the country's vastness and its diversities, is so complex that it cannot be adequately comprehended or tackled by relying only on traditional unidisciplinary researches and investigations, and planning at the National and State levels.

II

The work-shop recalled that their fellow social scientists who met at Hyderabad in April last 1974 started by accepting the definition of mass poverty as a situation in which large numbers of people lack the minimum requirements of food, clothing, shelter, medical and educational facilities. They discussed its magnitude and intensity and its causes and manifestations in India and recognised that it was intrinsically related to the existing socio-economic structure and aggravated by the economic and social policies of the past. The Hyderabad meeting of the social scientists specifically recommend that social scientists in India should direct their researches into the causes and remedies for mass poverty, consider and elaborate the right kind of pattern of socio-economic development, and also work for a radical transformation of the socio-economic structure with a view to evolve a healthy democratic society with freedom and justice and without poverty.

III

The discussions at the Mysore work-shop showed that, apart from the magnitude and intensity of the problem of mass poverty as an all India phenomenon and the historical and other general factors which have contributed to it, the regional variations in the picture are enormous owing to the diversities in ecological features, endowment of natural resources, consumption patterns, socio-political structures, legal framework, policies and legislation affecting investment allocations and resource mobility, political and business leadership etc. The work-shop noted that variations in the regional situations are of crucial importance both for proper diagnosis and feasible solutions. The work-shop also noted that the basic assumptions of planning in India have not been properly related to the realities of institutional structures, especially the positions and status of the weaker sections in our society. There are important differences in production relations in the different regions and these are changing as a consequence of changes in the technological base in agriculture and industry and various other factors. These are not explicitly incorporated within the

planning framework. The interaction between the economic and non-economic factors, particularly the social consequences of economic development policies, are not adequately taken into account. Hence, on account of the inadequate attention paid to the institutional conditions of the modes of production and development process, regional disparities in living standards are persisting and even aggravated. There is weak and ineffective control of resource allocation and distribution of consumption in the society. The problem of mass poverty is tending to become a self re-inforcing phenomenon. The work-shop therefore felt that top priority has to be given to intensive regional and sectoral studies related to the problem of mass poverty, with special reference to the institutional structures (economic, social, political and administrative) affecting the production and distribution of national output, and now these structures are evolving and changing over time.

IV

The work-shop discussion also revealed a broad consensus on the need for effective use of the methodological approaches of the various disciplines for the study of institutional structures and the interplay of technical, economic, social and political forces at various levels. The work-shop felt that attempt should be made by social scientists to study the total system or to integrate the studies of its parts undertaken separately. In empirical work, survey research has to be combined with case studies (of families and other primary social groups, individual leaders etc.) and whole village studies with a systemic approach. Only then it will become possible for social scientists to gain real insights into the nature and dimensions of the poverty problem at the National, State and Regional levels, and to be able to devise proper policies and programmes for the eradication of mass poverty.

V

Specifically, the work-shop recommends that the Social Scientists in India :

(1) should increasingly direct their researches into the regional and sectoral aspects of the mass poverty problem. Particularly detailed studies have to be made of institutional structures which underlie the modes of production and development processes and of the socio-political organisations, and how these structures are changing over time;

(2) should make intensive studies with a view to evolving regional planning approaches and techniques for determining appropriate and efficient organisations at the village, block and higher levels, both for the purposes of development planning and implementation of plans with eradication of mass poverty as the principal objective;

(3) should pay special attention to policy and action - oriented researches, with their own involvement in the programmes of development for reduction of mass poverty, and to the evaluation of such programmes undertaken by the National and State governments in the recent years;

(4) should recommend the alternative approaches for economic and social progress in the context of the realities of the Indian situation and people's aspirations, while at the same time working for a speedy transformation of the socio-economic structure, educational systems and

political processes so that democratic planning will achieve elimination of mass poverty in the quickest possible time; and

(5) finally the universities and their social scientists should seriously consider whether their objectives, organisational cultures, processes, structures and environmental links are conducive to inter-disciplinary research, and should evolve new forms which will provide the appropriate motivation and facilities. UGC, the ICSSR, the Ministry of Education and the Professional organisations would help in this process by participating in and encouraging such innovations.

Regional Planning with special reference to the Attack Against Poverty - some methodological issues.

An note of assesment of the Workshop
by
Dr. C. PARVATHAMMA
Director, ICSSR Research Methodology workshop for Southern Universities, May 1975.

Report :

The Inter-disciplinary Research Methodolgy workshop was inaugurated by Shri D. V. Urs, Registrar, University of Mysore, on Sunday the 4th May '75 at the Non-Resident Student Centre, Manasagangotri, Mysore. This was the fourth in a series of such workshops that were being conducted every year. The previous workshop was conducted at Hyderabad. Dr. Malcolm S. Adiseshiah presided over the function. After the formal inauguration, the delegates—University Professors from South—discussed the programme and details of the functioning of the workshop. Majority of the delegates wanted to have a clarification about the guide-lines that were sent to them earlier. Hence, it was unanimously agreed that the afternoon session should be devoted to a group discussion about the guide-lines. One of the important lacunae was there were only two papers written for the workshop. In fact, specifically it is only one since many paper writers either did not write or could not come to the workshop. In each subject, in future if there should be similar workshops, a minimum of two papers may be insisted from each of the participating disciplines.

While Dr. Gopala Sarana and Dr. P. K. Misra gave papers on 5th May, Dr. Malcolm S. Adiseshiah presided over the sessions. Drawing a comparison between primitive societies and slum areas, Dr. Sarana expressed the view that the primitives were in a state of abject poverty. Even the people living in slum areas are no better than them but in primitive societies there is no such thing as the sub-culture of poverty, only because they are not aware of its existence. Dr. Misra felt that the question of poverty is not merely one of material goods, but also of social relationships. It is a utopian idea to talk of eradicating poverty. Hence, it would be better to talk in terms of 'reduction ot poverty'. In India, inspite of the so-called programmes for the betterment of the poor, not much change has taken place in their condition. Many of the weaker sections are resistant to change. They do not want to extricate themselves from the clutches of a tradition - bound society, even if opportunities are offered to them to improve their standard of living. There is a lack of will and enthusiasm among to these people develop themselves. The villagers on their part feel that there is a lot of difference between talking about reforms and actually implementing them.

In his chairman's comments Dr. Adiseshiah appreciated Dr. Gopala Sarana's holistic approach and remarked that Dr. Sarana's paper was creative. He also suggested that the workshop should discuss poverty in its various dimensions and should go into the multifaceted approach to poverty which was not done at the last seminar at Hyderabad. Dr. Adiseshiah felt that the fruits of development had not been shared by the majority of the population.

Dr. P. K. Misra from Anthropological Survey of India read his paper on 'rural poverty'. He spoke of an All India Project which was sponsored by the Anthropological Survey. The weaker sections cannot boast of unity among themselves. This internal conflict is one of the reasons why they have not been able to organise themselves to counteract the forces from the top. Above all, there is the menace of corruption "which is not a disease in itself", but an offshoot of many symptoms presupposing its existence.

In his chairman's comments Dr. Adiseshiah remarked that Dr. Misra was really moving towards inter - disciplinary research, and felt that the Anthropologists should have no constraints placed on their time, which will prevent them from pursuing their work in a leisurely manner.

The third day's morning session was presided over by Dr. Adiseshiah. Dr. Sarveswara Rao presented his paper. He emphasised that there is a need to spread out of Economics. The very few families which are enjoying the benefits that have been granted to the villagers, are really hindering the progress of the village. The villager is not really part of the whole operation. Unless the decision-makers are identified, it is not possible to have in the kind of plans or decisions that are important for any kind of improvement.

The day's afternoon session was devoted to Geography. Dr. Mookerjee and Dr. R. P. Misra presented their views and felt that unless we are sure of the goals of our government we will not know what our actual aims are. The success of any plan depends on the involvement of the people at the local level. Dr. Misra felt that village planning is more essential than village studies. Emphasising the need for inter-village studies, he opined that village plans would be fruitless without inter-village studies. Unless sectoral planning is strenthened, there is no solution to the problem of poverty. The number of landless has increased rather than decreased inspite of the efforts to distribute land to the landless. Unless planning is directly related to the sociological issues the poor cannot benefit.

The morning's discussions on the 7th of May concerned the paper that was presented by Dr. Shunmugam from the faculty of Psychology. He felt that creativity and intelligence are inborn. By exposing people to certain environments, the latent talent may be unearthed. He also felt that intelligence was devoid of being improved, but creativity could be. He also opined that if we want to bring about change, the people must be prepared for such conditions which could be done through the various techniques of mass communication. The psychological dead-end however lead to thought-provoking discussions, but inconclusive, as no other social scientist could agree with Dr. Shanmugam.

The day's afternoon session was devoted to Political Science. Dr. Kamalanathan read his paper while Dr. Cheluvaraju was in the chair. The second paper in the afternoon session was presented by Dr. Cheluvaraju with Dr. Kamalanathan as the Chairman. Dr. Cheluvaraju felt that Political Scientists are guilty in not taking the initiative to study poverty. The contribution made by political science to poverty was very meagre. Political and economic awakening are complimentry. The political neglect of a region is also one of the factors in perpetuating poverty.

On the morning of 8th, Dr. Brahmananda joined the discussions as a Resource

person. The morning session dealt with the Sociologist's approach to the problem of poverty in which Dr. Parvathamma projected her views with Dr. P. K. Misra as the Chairman. There is a lot of inconsistency within the social and political structure which hinders an effective implementation of planning. The upper castes can successfully attempt to snatch-away the privileges given to the poor, because of the power and position which they enjoy. The social distance between the castes is increasing. She felt that policy-makers should give up the traditional notion of private property.

Dr. Brahmananda expressed the view that there is a disproportionate increase in demand for certain skills. He said that the income patterns had to be shifted. He suggested an inversion of the income distribution. He also opined that too much of emphasis was being placed on socialism as a solution to the problem of poverty, but an important question is whether socialism can operate in isolation from traditional forces in our society.

In his chairman's comments Dr. P. K. Misra voiced the view that suggestions offered to solve the problem of poverty should be practical. He said that he was very much excited by the suggestions given by Dr. Brahmananda. He also felt that mechanisation does not solve the problem.

In the afternoon session Dr. P. K. Aiyasami presented his paper with Dr. Brahmananda in the chair. His paper dealt with the problem of poverty among small farmers in Tirunelvelly region—Tamil Nadu. A small farmer is one who owns 5 acres and less. This has been accepted on an All India basis. Though the land reforms have been rigidly legislated, they have been very loosely implemented.

In his comments as the chairman Dr. Brahmananda felt that the present Indian student has more knowledge about the Indian system. Such seminars should come out in the form of class room discussions, so that the student will be made to bear in mind the problem.

The morning session of 9th May was presided over by Dr. Abel. The delegates were joined by Dr. Ravi J. Matthai another resource person. Dr. Brahmananda read his paper entitled 'Macro conditions for eradicating poverty'. He felt that a new type of plan will have to incorporate certain distribution changes which are badly needed in our society. As it is, the problem of poverty is being looked at only in the Micro level and not the Macro level.

In the afternoon session, the first paper was presented by Dr. Subramanian with Dr. Ravi J. Matthai as the Chairman. He spoke of a project which was conducted in connection with the industries of Madurai city. Dr. Matthai who spoke later felt that while there was much talk about inter-disciplinary research, the important question is whether we can also think of the process and structure in connection with the work. Earlier he had put the problem in to three categories—Content, Structure and Process. By content he meant the subject of the problem, structure refers to the origion of the structure with which the researchers work and finally process was synonymous with the attitude of the researchers.

On the 10th of May, the morning session devoted itself to the discussion of the statement of social scientists that had been prepared by Dr. Sarveswara Rao. Professor Shunmugam was in the Chair. The first two paragraphs were accepted. The other three paragraphs were discussed at length and a few changes were

incorporated. In paragraph five, a fifth point was added.

After the statement had been discussed in detail, Dr. Ravi J. Matthai and Dr. R.P. Misra were requested to enlighten the delegates further. Dr. Matthai felt that there is hesitation on the part of people in govt organisations to take innovative measures, because their base is in some other parent organisation. He also felt that it is possible to implement quite a lot of changes without any additional resources, and it is possible to raise additional resources here.

Dr. R. P. Misra felt that people have to work in the University with a lot of limitations. Inter-disciplinery research is feasible only when it is mission-oriented and has lot of scope. One has to raise the resources. He said that regional planning has to be multi-level. At each level there is need to have different methodologies and strategies. The physical dimensions of planning cannot be ignored. The natural sciences, Soil, Engineering have to make their contribution but there have been a few contributions in this field.

On the last day i. e. 11th of May, with Dr. Kamalanathan as the chairman the second draft of the statement of social scientists was read and a few changes were made. Dr. Abel presented the points which he had prepared for an inter-disciplinary project. The chairman Dr. Kamalanathan proposed a vote of thanks to the organisers, and with this the week-long inter-disciplinary methodology workshop came to an end.

Assessment

Many of the delegates were not in the know-how of what happened at the previous seminar at Hyderabad. Though it was said that they had the consensus about the economists' definition of poverty which was given at the Hyderabad meeting, there were many here who did not seem to be satisfied with it. Many of the concepts that were used in the guidelines came up for discussions and each person seemed to offer an explanation from the point of view of his own discipline.

There was no proper representation from all the disciplines. History was totally absent. The Economists still out-numbered the others. Poverty even to this day has been looked at mostly from economic angle. It has many other dimensions which have to be given serious thought.

The Anthropology contingent was introduced into the workshop for the first time, and it was definitely a very good move on the part of the organisers. After listening to the brilliant exposition of the Anthropologists, one would guess how poor the work-shop would have been without their presence. But one of the paper readers gave too much of importance to Oscar Lewis. He made repeated references to the great Anthropologist and quoted him liberally. But such a thing was quite inevitable, judging by the amount of contribution Lewis has made to the study of poverty. His work on poverty is among the pioneer works on the subject and the credit of introducing the concept of 'culture of poverty' goes to him. Any one talking about poverty is bound to bring in Lewis. Apart from this, Dr. Sarana's paper was very creative, and opened many an interesting points for discussion.

The other paper reader Dr. P. K. Misra had too short a time at his disposal to present all the facts he had noted in his paper. Even the discussions following the paper reading could not go on for a long time. Listening to Dr. Misra, one

also wondered whether researchers in India had too short a time at their disposal to complete the work. Such intensive studies after all cannot be completed within just one or two years. One needs more time at his disposal.

Judging by the views of the Psychologist, one would get the impression that not much thought was given to the relation between psychology and poverty. In the course of the paper, certain issues which were controversial were raised. The reference to biological needs in a seminar on poverty was quite out-of-focus. Secondly, the statement that intelligence is an inborn trait was debatable. When creativity could be improved why not intelligence? Does a man's intelligence not improve even after being exposed to the most favourable environments and circumstances? If people could respond to an external stimulus like mass media and change their attitudes, why cannot intelligence be modified by more direct influence like education? These are some of the questions which confront our minds at this stage.

Dr. Brahmananda's suggestions of inverting the economic distribution is no doubt a good theoretical model. In a country where social status is largely datermined by materialistic possessions, this seems a good proposition. But what about the practical value of such a suggestion? In a country where the majority of people are still resistant to change, this seems to be only a far-fetched idea. Even if such a suggestion is practically implemented, there will not be much change in the status of the people at the bottom. In a heavily cliche-ridden society in India, it is almost impossible to expect that individuals who belong to higher social groups will take to such low polluting jobs as scavenging even if it amounts to getting a fat salary.

It would also be worthwhile to attempt inviting Natural scientists to such seminars. Probably many voids created would be filled by them. One also felt that certain issues which were quite controversial, were not discussed fully to arrive at solutions. This of course is always there and problems can be taken care of in future seminars.

Regional Planning with special reference to the Attack Against Poverty - some methodological issues - (Anthropology)

by

Dr. GOPALA SARANA

Professor of Anthropology, Karnatak University.

I am a little hesitant to bring forth my ideas on methodology before the gathering of this select group of eminent social scientists of our country. My hesitation is not due to any personal reasons, but because of my professional affiliation. In several respects, anthropology is quite different from the sister social sciences. Though there is no unanimity among the anthropologists, several anthropologists like me will assign only a marginal position to anthropology as a social science. A. L. Kroeber and E. E. Evans-Pritchard considered social-cultural anthropology to be one of the humanities. They and many others, are convinced that to the extent other disciplines, interested in studying man in society, aspire to build systems of general proposition and have an ameliorative—utilitarian bias, anthropology does not share this social-science ideal. My hesitancy, is not only on this score. It is also due to an apparent lack of sophistication and precision in the traditional anthropological procedure and everybody knows that these "virtues" are very highly prized today. Most of the studies of the modern urban communities rely heavily on statistical analysis and computer programming seems to be the order of the day. The anthropologist's intimate, long-term, microscopic, face-to-face inquiry, in which his attitude towards his informant is that of "attached-detachment", may seem to be like riding in a bullock cart in the modern jet age.

Anthropology expects from the practitioners of its act to remain a detached outsider and yet behave sympathetically and warmly towards the people whom he studies by living in their midst. It does not want the anthropologist to lose his cultural and personal indentities. Clyde Kluckhohn has elegantly stated that "An anthropologist who was truly and utterly free from his own ways of life than an individual who has lost his memory is able to grasp all of what is going on around him." (1959 : 252). What about objectivity?, may be the question asked by the fellow social scientist who wants to see more rigour and possibility of replication in the research procedures. The anthropologist is unlike the humanist, and is like the scientist, in studying the phenomena which are not created by him in the course of his study. The persons and the reality culture which they use can be counted and recounted. But the events, the actual happenings, the statements of the actors in the drama on specific occasions which form the raw material of the sketch of life he draws, are unique and cannot be witnessed again in the same form. In this sense, the anthropological procedure does not lend itself to the same kind of objective tests which are available to the scientists who can repeat the experiments. Writing about the anthropological procedure Kroeber has said that "There are strictly speaking no proofs in this method; but there is an increasingly more concordant understanding of widening areas of knowledge and therefore a sounder understanding." (1952:3).

Another distinctive feature of anthropology is the lack of an initial hypothesis in its study. An anthropological study does not begin which an initial hypothesis in the same sense of the term as the study of a laboratory scientist does. Kroeber unequivocally stated that the anthropologist, who tried to apply the laboratory scientist's procedure to his material would be cheating himself. "Our equivalents of the physicist's hypothesis are not something we formulate to begin with, they emerge gradually and pile up, as we rearrange and reinterpret our facts by trial and error: they are mostly an end product. Theorem, hypothesis and conclusion are not sharply differentiated but develop together." (Kroeber, 1952:3).

One of the chief distinctions between the anthropologist's way of looking at facts and that of the other social scientists is the latter's reliance on the eliminative procedure. The non-anthropologist makes efforts to eliminate as many variables as possible from the complexity of the social situation which he desires to investigate. Through his eliminative procedure, he wants to establish, to the extent possible, some kind of correlation or corariation between a limited number of variables, hence the need for an initial hypothesis. The anthropologist investigates a total culture, or part thereof, holistically and not as a closed but an open system. In Kluckhohn's words, the contextual, observational field work has been the core of anthropological research in which all kinds of data have to be taken note of. The anthropologist also selects appropriate variables for eventual analysis. But at first he must view the social situation in all its richness and texture. He knows from experience that even the most obvious and most simple things may turn out to be most complicated. For this reason, he cannot ignore or eliminate any factor at its face value. Unlike others interested in the study of man in society he adopts an 'associative' procedure instead of the eliminative one. He is interested in presenting a coherent picture of a people's way of life by linking together or integrating facts. Kroeber has called it "descriptive integration".

Another distinctive feature of anthropology is its uncommon reliance on the particular. This has prevented the anthropologist from moving too far away from the realm of actual facts. And yet the anthropologist has an uncanny way to rise above the particularity of a case. He usually does not talk about a particular individual but depicts them as enacting a socially sanctioned role, occupying a social position and/or entering into a social relationship. There is, however, a school of thought in anthropology itself, which feels that "Even in our best anthropological monographs, people have a way of getting lost in culture patterns, statuses, roles and the other abstract concepts". (Lewis, 1967: 436). More on it will come in a short while.

Even those who are appreciative of anthropology's contribution and are willing to hold a brief for its procedure, might genuinely believe that after all it was unsuited for grappling with the modern complex situation which is so unlike the primitive cultures. The sheer dimension range of variation and baffling diversity, and heterogeneity do not lend themselves to be studied suitably by traditional anthropological procedures. It is no doubt true that the holistic approach of anthropology is most suited for the study of the small community and small scale "authentic" societies. But it will be wrong to assume that the anthropological procedure cannot be adapted to the study

of subcultures, national characters, national cultures, biographies and autobiographies. In his foreword to Oscar Lewis' epoch-making book, **Five Families**, Oliver La Farge testifies that, "the longer we study human beings in their infinite variety, the more apparent it becomes that they cannot in reality be encompassed within the specified rigidities of the kinds of data that can be manipulated mathematically, even given the staggering range of present-day computers. Somewhere along the line, there must be an interpretation arising from the individual's observation, with all its weakness of emotion and bias.

"Nowadays the student of peoples bolsters himself with all sorts of objectives aids, above all a number of psychological tests (usually called, with unconscious humour "a battery") and the greatest possible use of statistics. Even so, in the end, if his findings are to be of any use at all, someone must interpret them in human terms, someone must inject the element of description". (1959 : viii).

With special reference to poverty, the main theme of this workshop on methodology, the work of Oscar Lewis, the American, anthropologist, is of particular relevance. In a series of books, (Five Families, Pedro Martinez, La Vida, The Children of Sanchez and A Death in Sanchez Family etc.), he has given a most vivid, complete and intimate description of poverty in the slums of Mexico City, Puerto Rico and New York. In our studies, we anthropologists get information through a few well-known, "fully specified" persons whom we have observed well and treat as diagnostic of how a particular culture operates. This has sometimes, by some anthropologists, been pointed out as a drawback. But Oscar Lewis makes a virtue of what some others have considered as a shortcoming. He has picked up a few families for his study.

He has done so by strictly adhering to the time honoured anthropological practice of intensive and long range study of a few persons, (in this case, a few families) whose position in observable social network could be fully clarified. Oscar Lewis has taken census and has done sampling, has conducted many kinds of interviews and observed daily sequences of activities. But his main interest was in obtaining diagnostic data from the core group because of his conviction about its superiority over even the best statistical information on persons. For the investigation of poverty in slums, Oscar Lewis aimed at achieving maximum intensity of focus. For this purpose he decided to shift from the traditional anthropological practice of the study of whole communities and concentrated on the study of families and individuals in families. He explored the possibilities of family studies as a complement to community studies. He was motivated to develop procedures which would yield "more precise, objective, meaningful and replicable data." Oscar Lewis claims that the data in his family studies "are on the whole much more precise, more valid and more reliable than a good deal of generalization about culture patterns or for that matter, about roles and role structures". (1967 : 498). This claim is based on the fact that in most of his book the data are presented in the form of multiple family autobiographies without much intervention from the anthropologist. A non-believer still might question the claim of objectivity, because the anthropologist's role as a prompter, a questioner and an editor may have consciously or unconsciously altered the data. The richness and fullness of Oscar Lewis material highlights the value of autobiographies as basic ethnographic data.

With regard to the objectivity, Eric Wolf's following remark seems to me to be very well taken: "Lewis' books do not abolish subjectivity, but they go a long way in making subjectivity more 'tolerable' " (1957 : 495).

Yet another objection to Lewis' procedure may be raised in terms of sampling and the representativeness of the families selected for study. As pointed out earlier, to some extent each individual event is unique. The events, individuals and families about whom Oscar Lewis has written in his books are indeed unique. Their significance for the anthropologist in particular and the social scientist in general lies in their diagnostic value, rather than in their being statistically representative. Eric Wolf says that he cannot think of a better book than **Pedro Martinez** in terms of the vividness of description of the play of political forces in Mexico. In his words, the events, the individuals and families in Oscar Lewis Books, "are uniquely and singularly diagnostic of the forces to which a population is subjected under specified conditions." (Wolf, 1967 : 495). Manuel Maldonado-Denis opined that Oscar Lewis, books provide valuable insights into the world view, the attitudes and the orientations of the people who are at the lowest rung of the society in Mexico and Puerto Rico. He declares that "Setting aside the trivial and exploring the roots of the alienation experienced by the poor in advanced capitalistic societies, Lewis has indeed restored the true character of social science, a radical pursuit devoted to the discovery of man and society beneath the pious platitudes expressed by the intellectual spokesman of the powers that be" (Maldonado-Denis 1967:496). Whether this view is acceptable or not, it meets objections to Lewis' works not being representative.

Now Oscar Lewis has added tape-recorder and stenographers to his field work repertoire. He has done this within the overall anthropological holistic approach. He considers the family a small social system which can be studied holistically. Lorraine Baric (1967:494) agrees that one cannot quarrel with Oscar Lewis for his emphasis on the theoretical importance of families as natural units for study. Lewis finds family studies bridging gap between culture and the individual and allowing us to see their inter-relation in real life. In his family studies he, in one case, tries to give his readers some glimpses of daily life of five ordinary days in five Mexican families. In another case he used the technique of multiple autobiographies within a single family where each member of the family told his own life story. "My purpose was", states Oscar Lewis, "to give the reader an inside view of family life and of what it meant to grow up in a one-room home in a slum tenement in the heart of a great Latin American city which was undergoing the process of rapid social and economic change. This approach gives us cumulative, multifaceted panoramic view of each individual, of the family as a whole and of many aspects of lower-class Mexican life. The independent versions of the same incidents given by the various family members provide a built-in-check upon the reliability and the validity of much of the data thereby partially offset the subjectivity inherent in a single anthropology" (Lewis, 1967:481).

The family study is not a new technique. Many social scientists have made use of family case studies. Most of these pick up some special problem like divorce, problem child, family instability, families in trouble etc. One specific aspect of family life is taken up for statistical investigation in which a large number of cases are collected through interviews,

schedules and questionnaires. Oscar Lewis' study, falling in the main anthropological tradition, is quite different. It is based on exhaustive research in which a few intensive family studies are conducted. The nature of the investigation has no room for large samples. The most vital part of such a study is to obtain intimate data. This cannot be done without establishment of deep personal ties and winning the confidence of the persons studied. In Oscar Lewis' own words, "some of the basic and elementary conditions necessary for my kind of intensive family studies are: a complete acceptance of the people, a deep sense of sympathy and indentification with their problems and an enduring friendship" (1967:497).

II

After having said something about the method of study we turn now to poverty as a universal or a cross-cultural phenomenon. It is very hard to define poverty in universal terms. And I shall not attempt to do so here. I do not have any ready-made plan to eradicate poverty from our country, but I shall like to present to this angust gathering some of the findings of Oscar Lewis' study which we have referred to in the preceding section of this paper. In 1959 Lewis published his **Five Families** subtitled as "Mexican Case Studies in the Culture of Poverty." Seven years later in '**La Vida**' he described culture of poverty as a conceptual model and pointed out the need to distinguish between a subculture of poverty, and poverty itself. He felt that subculture of poverty was a result of common adaptations to common problems and there were remarkable cross-culture similarities in "family structures, interpersonal relations, time orientation, value systems and spending patterns."

Oscar Lewis calls it a culture or subculture of poverty (we shall use the term subculture) because it has its own national and it is a way of life handed down from generation to generation. Oscar Lewis wants us to remember that subculture of poverty has some positive aspects and provides some regards also to the poor. It is not merely symptomatic of "economic deprivation, of disorganization or of the absence of something." The set of conditions in which a subculture of poverty is likely to emerge has been enunciated by Oscar Lewis thus: "(1) a cash economy, wage labour and production for profit; (2) a persistently high rate of unemployment and underemployment for unskilled labour; (3) low wages; (4) the failure to provide social, political and economic organization either on a voluntary basis or by government imposition, for the low-income population; (5) the existence of a bilateral kinship system rather than a unilateral one; and finally (6) the existence of a set of values in the dominant class which stresses the accumulation of wealth and explains low economic status as the result of personal inadequacy or inferiority." (1968:xliii-iv). Oscar Lewis further states that the subculture of poverty "is a relatively thin culture. There is a great deal of pathos, suffering and emptiness among these who live in the culture of poverty. It does not provide much support or long range satisfaction and its encouragement of mistrust tends to magnify helplessness and isolation. **Indeed the poverty of culture is one of the crucial aspects of the culture of poverty**" (1968 : lii)

The subculture of poverty is the way of life which develops among some of the poor in the conditions specified by Oscar Lewis in the preceding quotation. It is a world of its own which exists on

the fringes of "respectable" society which is class-stratified, highly individuated and capitalistic. The poor have adapted themselves to their marginal position with the realization that it is improbable that they will achieve success in terms of the values and goals of the larger society. They develop a certain kind of life style in an attempt to cope with the feelings of hopelessness and frustration. As a result of this, those who are under the grip of poverty, aid and abet it in perpetuating itself.

When a stratified socio-economic system is either breaking down or is being replaced, conditions most frequently develop for the emergence of the subculture of poverty. Such are the conditions in transition from feudalism to capitalism; similar conditions may also exist during periods of rapid technological change. The people who come from the lower strata of a fast changing society most frequently develop a subculture of poverty as do the landless rural workers migrating to the city. This happens because of their alienation from the society at large. Once formed, the subculture generates forces which perpetuate it by character formation of the children who grow up in it as well as by passing on the world views and aspirations to them. It is very essential and quite important to understand clearly the distinction between poverty and subculture of poverty. Oscar Lewis has distinguished between the two in the following terms:

"In making this distinction I tried to document a broader generalization; namely, that it is a serious mistake to lump all poor people together, because the causes, the meaning and the consequences of poverty vary considerably in different socio-cultural contexts. There is nothing in the concept which puts the onus of poverty on the character of the poor. Nor does the concept in any way play down the exploitation and neglect suffered by the poor. Indeed, the subculture of poverty is part of the larger culture of capitalism whose social and economic system channels wealth into the hands of a relatively small group and thereby makes for the growth of sharp class distinctions.' (1967 : 499).

It should be quite clear that the subculture of poverty is damaging to the person more than poverty per se. These damaging features which should not be permitted to continue, are due to the lack of people's effective participation in decisions which are so vital to their lives. This can happen in any kind of socio-economic system. But the City slum-dwellers, in fast industrializing societies, seem to be the most easy candidates to develop the subculture of poverty as a means of their survival and as a sort of defence mechanism. Even the most poor people cease to be members of the subculture of poverty when something gives them hope, promotes solidarity among them and develops a feeling of identification with larger groups. Such a situation may arise through development of class consciousness or through a religious or revolutionary movement. Oscar Lewis has clearly stated that "we find that in primitive societies and **in caste societies, the culture of poverty does not develop.** In socialist, fascist and in highly developed capitalist societies with a welfare state the culture of poverty tends to decline. I suspect that the culture of poverty flourishes in, and is generic to, the early free enterprise stage of capitalism and that it is also endemic in colonialism," Lewis 1968:1)

Anthropology has given much importance to some isolated tribal societies

whose total population may not exceed five hundred. Little attention has been paid to the underdeveloped countries where nearly eighty per cent of the world's population resides. Oscar Lewis' accounts in his **Five Families** was described by Oliver La Farge as that of the "people whose culture ... is going to hell in a handbasket before the onslaught of the Age of Technology ... All over the world people are hating the light-skinned, machine-age nations and busily aping them. One of the first returns they get is a cultural desolation" (1959 : ix).

Since 1940, there have been far reaching and impressive changes in Mexico, Millions of peasants and villagers moved to urban centres in the wake of large-scale urbanization. Its economy expanded and became production-oriented and its agricultural production also increased tremendously. In 1957, according to Oscar Lewis, there were 55,000 tractors for three crore Mexicans as against 5,000 tractors for forty crore Indians. (Lewis, 1959:20). But it is from Mexico that Oscar Lewis has depicted some of the most gripping tales about the people living in a subculture of poverty. All those who receive a new technology from the developed countries of the West find their social and value cultures being shattered. Their old existence is replaced by an unsatisfactorily improvised existence as they are caught up in the economic web. It must be remembered that providing better economic opportunities must receive top priority but this alone is not enough to either alter or eradicate the subculture of poverty. Once a people are within the grip of the subculture of poverty, it would be necessary to bring about changes in societal structures by redistributing wealth, power and leadership to organize the poor and to create in them a sense of belonging and identity.

Our problems in this country are quite complex. There are crores of people who live in conditions of abject poverty. They share traditional patterns of living. Despite their misery, they do not belong to the subculture of poverty. We need to conduct suitable inquiries in the slums of our big cities, like Bombay and Calcutta, to ascertain if a nascent form of subculture of poverty is developing. Our two-fold task is: (i) not to let pockets of subculture of poverty develop due to the measures adopted for economic development, and (ii) to strengthen those social institutions which help in accomplishing this task. One of these vital institutions is the family. The psychiatrist, Ackerman says, " the progressive spread of family break-down may, in fact be the harbinger of the decline of our—Western—civilization"(1967:491). This state of affairs must not be allowed to develop in India.

Oscar Lewis has made it clear in no uncertain terms that it is much more difficult to eliminate the subculture of poverty than to eliminate poverty as such. As already pointed out, we have to make every effort to prevent the emergence of a subculture of poverty. It is worthwhile to consider if it would not be in our long-term interest to phase out our programme of industrialization so that our poor may not go on becoming poorer and in their frustration develop a subculture of poverty. I shall like to end my paper in the words of Oscar Lewis who articulated the voices of the miserable victims of the subculture of poverty in Latin America by a social system which created conditions of suffering and misery for numerous peoples.

"I am saying that it is easier to eliminate poverty than the culture of poverty. I am also suggesting that the poor in a pre-capitalistic caste-ridden society like India had some advantage over

modern urban slum-dwellers because the people were organized in castes and panchayats and this organization gave them some strength and power. Perhaps Gandhi had the urban slums of the West in mind when he wrote that the caste system was one of the greatest inventions of mankind" (Lewis 1967: 499).

NOTE

This background paper was specially written for Inter-disciplinary Research Methodology Workshop for Southern Universities on "Research in Regional Planning with Special Reference to the Attack Against Poverty: Methodological Issues" at Mysore University, Mysore Sunday May 4th to Sunday May 11th, 1975.

REFERENCES CITED

ACKERMAN, Nathan W. 1967. Comment on Oscar Lewis' The Children of Sanchez, Pedro Martinez and La Vida. *Current Anthropology*, Vol. 8: 491-92.

BARIC, Lorraine. 1967. Comment on Oscar Lewis' The Children of Sanchez etc. *Current Anthropology*, Vol. 8: 494

KLUCKHOHN, Clyde. 1959. Common humanity and diverse cultures. *In* the human Meaning of the Social Sciences. pp. 245-84. Edited by Daniel Lerner. New York: Meridian Books, Inc.

KROEBER, A. L. 1952. *The Nature of culture*. Chicago: The University of Chicago Press.

LA FARGE, Oliver. 1959. 'Foreword.' *In* Five Families by Oscar Lewis. New York: Basic Books, Inc. (also in Mentor edition).

LEWIS, Oscar. 1959. *Five Families: Mexican case studies in the culture of poverty*. New York: Basic Books, Inc.

1961 *The Children of Sanchez: autobiography of a Mexican family*. New York. Randam House.

1964 *Pedro Martinez: a Mexican peasant and his family*. New York Random House.

1967 The Children of Sanchez, Pedro Martinez and La Vida. (A CA Book Review) *Current Anthropology*, Vol. 8: 480-83 and 497-500.

1968a *La Vida: A Puerto Rican family in the culture of poverty* San Juan and New York. New York: Vintage Books.

1968a *A Study of slum culture: backgrounds for La Vida. New York*: Random House

1969 *A death in the Sanchez family*. Hardonsford, Middlesex: Penguin Books.

MALDONADO-DENIS, Manuel. 1967. Comment on Oscar Lewis' The Children of Sanchez etc. *Current Anthropology*, Vol. 8: 496-97.

Wolf, Eric R. 1967. Comment on Oscar Lewis' The Children of Sanchez, etc. *Current Anthropology*, Vol. 8: 495-96.

Regional Planning with special reference to the Attack Against Poverty - some methodological issues - (Economics)

METHODOLOGY OF VILLAGE STUDIES

by

B. SARVESWARA RAO and D. V. RAGHAVA RAO

I

Introduction :

Adequate knowledge of the resource base, resource utilisation in the background of socio-cultural factors, and the processes of rural change is a pre-requisite for sound planning and successful implementation of development programmes in rural areas. Economists in India have been studying Indian villages mainly with the objective of understanding and exposing the rural problems—rural poverty, indebtedness, land and labour, etc.,—in bold relief. Since the launching of Community Development Programmes in 1952, anthropologists and sociologists and research institutions like the Census, the National Sample Survey (N.S.S.) and the Agro-Economic Research Centres (AER Centres), have also been paying much attention to the study of Indian villages. The AER Centres have been conducting surveys and resurveys of villages with a view to assess the degree and direction of agro-economic change in rural areas and with the hope that this knowledge will be useful for policy and project formulation. However, there are important differences among social scientists in their approaches to the study of villages as well as methodology. It is also felt that the present type of village studies cannot adequately serve the needs of policy formulation, and that some rethinking about the main focus and methodologies of village studies is necessary. In the late 1950's there arose a major controversy regarding the adequacy of the village as a unit for study. In the present paper, we make an attempt to review the controversy regarding the adequacy of the village as a unit for study because it partly suggests the methodology to be followed in village studies. We also attempt to discuss the need for integrating the research methodologies of various disciplines—economics, anthropology, sociology—in order to make village studies more useful for planning purposes.[1]

---

1. It may be appropriate to mention here that Mahatma Gandhi attached great importance to the village as the basic unit for reconstruction of Indian polity and economy. Even those who do not fully agree with Mahatma Gandhi's views on the ideal social order emphasised the need for a thorough reconstruction of rural society with the village as the basis. Advocates of regional development planning also attach considerable importance to the village and clusters of villages as units for development planning. (See R. P. Misra and others: Regional Development Planning in India, Vikas Publishing House, Delhi, 1974; Gandhian Social Philosophy by B. N. Ganguly, Vikas, Bombay, 1973, (Chapter VII on An Ideal Social Order, pp. 145-161).

II

Sociological solidarity of Indian villages:

It is the contention of several social scientists that villages in India possess certain distinctive features which make them useful and relevant units for study and analysis of social systems and for development planning. These may be summarised as follows: (a) closeness of village life to the soil and nature with cultivation of land and rearing of cattle as the major and dominant occupations, and with sentimental attachment of the people to the soil, plants and animals; (b) face-to-face personal relations which develop among individuals a sense of attachment not only to the Kinship groups but also to the extra kinship groups; (c) face-to-face relationships which are multiplex in nature implying lack of specialisation of activities; and (d) close inter-caste relations in social, economic, religious and other spheres of activity involving hierarchical differences, especially in the matter of land ownership which is regarded not only as a source of wealth, but also as a source of social status and economic power.

This view, however, is not supported by some social scientists who focussed their attention mainly on the social, economic political linkages of the village with the outside world and questioned the adequacy of the village as a unit for study. For instance, dwelling on the theme of social organisation in Indian Villages, Dumont and Pocock have argued as follows.[2] The territorial factor, the relation to the soil, is not, in India as a whole, one of the primary factors in social organisation. It is a secondary factor in relation to the two fundamental factors of kinship and caste. As Indian villages are characterised by a hierarchical system of castes with sharp inequalities in social, economic and ritual statuses among them and as caste and kinship linkages cut across village boundaries, Indian villages lack sociological solidarity.

Drawing on Srinivas' concept of ' dominant caste ' they also argued that the villagers are not loyal to the village, but to the ' dominant caste ' whose power is both economic and political. They further argued that besides caste and kinship linkages, Srinivas ' concept of 'Sanskritisation ' and Marriott's concept of ' Little Communities in an Indigenous Civilization, indicate that Indian villages are not ' isolates '. Hence, the inadequacy of village as a unit for study.

As regards the linkages of the village with the outside in the economic sphere it is not necessary to dwell at length on the fact that Indian villages depend on the neighbourhood and urban centres for markets, technology, power, etc. The development of modern means of transport and communications has strengthened these linkages. Democratic processes, especially decentralisation of political authorities with developmental functions led to the establishment of new linkages with wider political organisations at the block and district levels; and even led to intensification of factions in villages. It is, therefore, argued that the Indian village does not have sociological solidarity and is not a relevant unit for study.

---

2. Dumont, Louis & Pocock, D.: Contributions to Indian Sociology, No. 1, 1957, Mouton and Co., Paris—The Hague.

Several anthropological and sociological studies of Indian villages revealed that, despite the hierarchical caste system and the social, economic and political linkages with the outside, Indian villages are still relevant units for study because they retain their distinctive features referred to above and function as closely-knit communities. Marriott says, 'a village becomes a 'stage', a 'nexus of activity' and a focal point of reference for individual prestige and identification'.[3] Beals says in his study of Gopalpur that the various castes in a village are habituated to 'being together separately'.[4] Mandelbaum also says that '......... the togetherness and separation are largely carried on in the same locale, with much the same set of people and with the ritual separations pervasively significant. Separation is often a ruling concern, yet separation must always be mitigated by the fact that a 'jati' cannot exist by itself.'[5] Dube writes that no caste is self-sufficient by itself and each caste requires the services of several other occupational castes and the system of co-operative labour based on a pattern of intercaste relations approved by tradition is not confined only to economic activities but also extends to ceremonial and ritual life.[6] Mayer says in his study of Ramkheri, a central Indian Village, containing 27 different caste groups each with its barriers of endogamy and often occupational and commensal restrictions, can nevertheless exist to some extent as a social unit.[7] Srinivas who described the Okkaliga as a 'dominant caste' in Tampura, a Mysore village, also says, 'the village is a community which commands loyalty from all who live in it, irrespective of caste affiliations'.[8] He further writes that the solidarity of the village emerges in relation to the Government, in ritual context, in agricultural activities and in feelings of patriotism for the village.[9]

Marriott,[10] Opler,[11] and Bailey,[12] have also argued that despite factions

---

3. Marriott. McKin: "Little Communities in an Indigenous Civilization" in Village India (Ed.) Marriott, McKim, The University of Chicago Press, U.S.A., 1955, p. 178.
4. Beals, A.E.: Gopalpur, A South Indian Village, New York, 1968 : p. 41.
5. Mandelbaum, David G.,: Society in India, Popular Prakasan, Bombay, 1972, pp. 336 - 337.
6. Dube, S. C.: Indian Village, Routledge & Kegan Paul, London, 1955, p. 7.
7. Mayer, Adrian C.: Caste and Kinship in Central India: A Village and its Region, Routledge and Kegan Paul, London, 1960, p. 146.
8. Srinivas, M. N.: "The Social System of a Mysore Village" in Village India, (Ed) Marriott, McKim, **Op. cit.**, p. 35.
9. Ibid, pp. 32-33.
10. Marriott, McKim; **Op. cit.**, 1955.
11. Opler, Morris E.: "The Extension of an Indian Village", The Journal of Asian Studies, Vol. 16, No. 1, 1966, pp. 5-10.
12. Bailey, F. G.: Tribe, Caste and Nation: A Study of Political Activity and Political Change in Highland Orissa. Manchester University Press, 1960.

within the villages, Indian villages do not lose their sociological solidarity. Factional groupings not only divide people but also unite them who would otherwise rarely act together. ' If there were no compelling awareness of the village as a distinguishable world' Marriott asks, 'then why would people fight inside so intensely as they do through litigation and through ceremonies? Indeed, there is a local stage on which relative dominance and relative prestige must be fought out in the village.'[13]

Regarding the external linkage of a village, it is pointed out that a villager's linkages with the outside take place largely in the context of his home village. Singer says that a village is a social unit because of its extensions, but not inspite of them.[14] In his study of Senapur, a North Indian Village, Opler writes that the involvement of the village with organisation, places and events outside the village "has not interfered with the separate identity and cohesiveness of the community, which in some respects is more marked than before ; ....the recent legal and political developments actually safeguard the future and integrity of the village rather than threaten it"[15] Gould says in his study of Sherupur, a village in U. P. that Indian villages exhibit dualism as they are "centripetal (i.e., "self contained" and "autonomous") to the degree that they are concerned with the task of providing themselves with subsistence; and "centrifugal" to the degree that they must make their surpluses available to the urban centres and in this process involve themselves with the numerous facets of "National Culture". He maintains that Indian villages, despite many changes, are still typically peasant in their dualism.[16]

It is thus clear that the Indian villages despite external linkages, have sociological solidarity and are useful and relevant units of study.

III

Sociological Solidarity of Tribal Villages :

The sociological solidarity is more pronounced in the tribal villages, and this is true even if we consider multi-tribal villages. For instance, there are many multi-tribal villages in Andhra Pradesh. Each tribe in a multi-tribal village has its own organisation which cuts across village boundaries. Nevertheless the various tribes within a village are controlled by a headman. He is equated with the "village deity" and is believed to preside over the destinies of the village. He guides and controls the social, economic, religious, and administrative matters collective to the village. The various tribes lead a cohesive life wthin the village, with the social, political, economic and religious spheres of life closely interrelated. The extension of Panchayat Raj to tribal villages has not disturbed the solidarity

---

13. Marriott, McKim: **Op. cit.**, 1955, p.178.
14. Singer, Milton: "Introduction" in The Indian Village: A Symposium, in The Journal of Asian Studies, Vol. 16, No. 1, November, 1956, p.4.
15. Opler, Morris E. : **Op. cit.**, 1956, p.10.
16. Gould, Harold A. : "The Peasant Village: Centrifugal or Centripetal ?" The Eastern Anthropologist, Vol. 13, No. 1, 1959, pp. 3-16.

of the tribal villages.[17] The solidarity of tribal villages is strikingly evident from the results of Government programmes to rehabilitate them. For instance, the Andhra Pradesh Government directed twelve multi-tribal villages in Jolaput river basin because of the inundation of river waters to move out of it and settle in the Tajangi Agricultural Colony established for them in 1956, the twelve villages occupied twelve streets in the Colony thereby retaining their separate identity. They installed their village deities in their respective streets and continue to observe their ritual cycles as usual. Despite the constitution of a single panchayat for the entire colony, each street in the Colony looks like a separate village even to-day.[18] In another instance in the Srikakulam district in Andhra Pradesh, when two Saora villages dependent on shifting cultivation were advised to join an agricultural colony in 1973, the tribals of one village occupied one side of the colony while the other side was occupied by the tribals of the other village, thereby retaining the separate identity of their villages.

IV

Interrelatedness of Economic and Non-economic Factors in the Village :

Several social scientists have highlighted the mutual interaction between economic and cultural forces in the development processes in rural areas. Myrdal emphasises the need to examine all relevant variables—economic and non-economic—in development process.[19] The Adelman-Morris studies illustrate how the cultural, political and economic factors in development vary in their importance according to the level of development already registered in a society.[20] Recent literature on rural development in India especially studies dealing with the problems of small farmers and the role of co-operative societies and other institutions, provide ample evidence of these interactions.[21] Despite commercialisation

---

17. Raghava Rao, D. V. : Chinnalabudu (Socio-Economic Survey of a Multi-tribal Village in Araku Valley, Visakhapatnam District), Agro-Economic Research Centre, Waltair, 1970, pp. 36-43.
18. Raghava Rao, D. V. : Marketing of Produce and Indebtedness among Tribals, Agro-Economic Research Centre, Waltair, 1973, p. 15.
19. Myrdal, Gunnar: Rich Lands and poor, Harper, New York, 1957, (First three chapters).
20. Adelman, Irma and Cynthia Taft Morris: "A Factor Analysis of the Interrelationship between Social and Political Variables and Per Capita Gross National Product',, Quarterly Journal of Economics, 89, 1965, pp 555-578. See also "An Econometric Model of Socio-Economic and Political Change in Underdeveloped Countries", American Economic Review December, 1968.
21. Guy Hunter: The Administration of Agricultural Development, Lessons from India, Oxford University Press, London, 1970; and Modernising Peasant Societies, A Comparative Study in Asia and Africa, by the same author, 1969; Serving the small Farmer: Policy Choices in Indian Agricultural Development (Eds.) Guy Hunter and Anthony F. Bottrall, Cromhelm, London, 1974.

and monetisation of economy, several studies of Indian villages clearly show that there *is close interaction between* social and economic factors within the village.[22] There is thus need to study village economy not as an autonomous sub-system, but in relation to other sub-systems *in* the village.[23] According to Roy Burman it is only through a series of intensive studies of Indian villages that we can "gain insights about the parameter of the socio-economic structure *and the dynamics of emergence, persistence and change* of the various elements of the structure through the interplay of various psycho-social, techno-economic and *political* forces".[24]

V

Village Studies in the Regional Setting :

If we accept the view that the Indian village has sociological solidarity and is a relevant unit for study, we may then ask ourselves whether the village can be comprehended as a 'whole in itself'. This, however, depends on the main focus of village studies. Bailey rightly argues that if the focus of interest in on ritual it might well be possible to isolate a single, whole, and coherent social system within a village; but in the same village a *political or economic analysis* might inevitably lead the enquirer to concentrate on ties which go outside.[25] Since the main focus of village studies of AER Centres is on the dynamics of agro-economic change, we cannot comprehend the village as an isolated 'whole'.

It, therefore, *becomes necessary to study* the *structure* and functioning of village economy in the context of exogenous forces of change. In this connection, there is a good case for adopting the methodology followed by Epstein[26] and Bailey[27] who have studied Indian villages in the context of their regional cultures, treating the outside *influences* as parts of a *wider system, rather* than as external forces impinging on the villages.

Still the question remains if the study of a village by following the methodology of Epsteil and Bailey will help to understand the region *in* which it is located.

---

22. Bailey, F. G. : Caste and Economic Frontier, A Village Highland Orissa, Manchester University Press, 1957. The Social System of a Mysore Village, by M. N. Srinivas, in Village India (Ed.) McKim Marriott, Op. cit., Indian Village by S. C. Dube, Op. cit., *Economic Development* and Social Change in South India, by Epstein, S. T., Oxford University Press, Bombay, 1962.
23. Maurice Godelier: Rationality and *Irrationality in* Economics, 1972, pp. 267-268.
24. Burman, Roy: "Methodology of Village *Study*", *in Socio*-Economic Research in Tribal Areas, Agro-Economic Research Centre for North-East India, Assam, 1971, p.73
25. Bailey. F. G.: **Op. cit.**, 1960, p.267
26. Epstein, Scarlet T.: Economic Development and Social Change in South India, Oxford University Press, Bombay, 1962.
27. Bailey F. G.: Tribe, Caste and Nation, Machester University Press, 1960; and "Politics and Social Change: Orrisa in 1959" *University of California Press*, Berkeley and Los Angels, 1963.

One should not overlook the fact that India is a vast country with significant regional and local diversities in socio-economic features. If we know the broad socio-economic features of a region, it is possible to select suitable villages for intensive studies, the findings of which may help to understand the region. In the absence of such a knowledge about the region, the appropriate approach to the problem will be first to make a general study of rural society with a view to identifying homogenous regions and building suitable models, and then to undertake intensive studies of typical villages.

VI

Divergent Methodologies of Village Studies by Social Scientists :

Before discussing the methodology of village studies adopted by the various AER Centres in India, we may briefly examine the approaches of economists, sociologists and social anthropologists to village studies. The studies of the economists are focussed mainly on the economic life of the people with the objective of understanding the structure of the economic system, its functioning and its dynamics in the rural areas. Emphasis is laid on identification of economic variables and quantification of economic data. The social relations evolved with reference to the economic organisation are not properly dealt with. Little attention is paid to how the individuals, families and wider kin groups are mutually related with reference to their economic activities.[28]

Sociologists and anthropologists, on the other hand, have studied Indian villages with a different approach. The village is considered by them as an integrated whole with the social, political, economic and religious sphere as its sub-systems.[29] Even when a sub-system is studied, it is examined in relation to the total system in which all the aspects are found to be constantly interacting.[30] The sociological and anthropological approach to village studies has helped in understanding the totality of village life and in identifying the socio-cultural barriers to change and development in villages. It is, of course, true that these social scientists have not paid as much attention to the study of the economic system as they did to the other sub-systems of the village. Further, their methodology is such that they have not stressed on the quantification of even the essential data regarding the economic base of the village. They have relied on participant observation, questionnaires, ethno-historical method and case studies as tools in the collection of data. Epstein,[31] however, has blended the methodologies of anthropology and eco-

28. Ramakrishna Mukherjee: "On Village Studies in India", in Rural Sociology in India, (Ed.) Desai, A.R., 1969, p. 809

29. Brij Raj Chauhan: A Rajasthan Village, VIR Publishing House, New Delhi, 1967, M. N. Srinivasan, The Social System of a Mysore Village, in Village India (Ed.) McKim Marriott, **Op. cit.**, Indian Village by S.C. Dube **Op. cit.**

30. Mayer A. C.: Caste and Kinship in Central India: A Village and its Region, Routledge and Kegan Paul, London, 1960; F.G. Bailey, Caste and Economic Frontier; **Op. cit.**: T. S. Epstein: Economic Development and Social Change in South India, **Op. cit.**

31. Epstein, Scarlet T: Economic Development and Social Change in South India, **Op. cit.**

nomics in her study of Mysore villages and has tried to analyse the changing economy of the villages within a wider framework of the villages and the region.

VII

Village Studies by AER Centres:

The AER Centres in India have been studying villages as mentioned earlier, with the objectives of gaining knowledge of the structure and functioning of village economy, identifying the factors that promote or inhibit economic development in rural areas and assessing the degree and direction of agro-economic changes caused either by exogenous and/or endogenous change agents.[32] These objectives can be better realised if the AER Centres blend the methodologies of economics, sociology and anthropology. The AER Centres have not, however, studied the villages with this kind of multi-disciplinary approach. Some Centres have studied the village economy as if it constituted the 'whole system' and some Centres showed a dichotomy between social and economic systems. But even in the latter case the term 'socio' in socio-economic survey has often meant only a description of demographic, and a few other social data, and not a study of the intercations of different social forces in the village.[33] The survey approach of AER Centres cannot, by its very nature, explore the depths and covert aspects of human behaviour required for understanding the dynamics of agro-economic change. There is almost exclusive reliance on the use of schedules with emphasis on the quantification of economic data. As the data regarding non-economic variables are not so easily amenable for quantification they do not generally figure in the design of the schedules. This approach has led to the neglect of the socio-cultural variables that helped to shape the prevailing economic system in the Indian village.[34] As Kusum Nair says the relevant non-economic variables have to be studied in the same intensive manner as an inventory of physical resources is made.[35] An attempt should be made by the AER Centres to integrate the anthropological and sociological field techniques like participant observation, interview, group discussion, etc., with the socio-economic survey approach.[36]

---

32. Workshop Meeting of Agro-Economic Research Centres on Village Surveys held at Santiniketan, in 1958.
33. Nair, B. N.: "Towards a New Approach in our Agro-Economic Village Surveys" in Agricultural Situation in India, New Delhi, September, 1968, November, 1968, and January, 1969.
34. Nair, B. N.: **Op. cit.**
35. Nair, Kusum: Blossoms in the Dust, the Human Element in Indian Development, Allied Publisher, London, 1961, p.195.
36. In the Socio-Economic Survey of Chinnalabudu, A Multi-tribal Village in Araku Valley in Andhra Pradesh (Agro-Economic Research Centre, Waltair, 1970) an attempt was made to integrate the village survey and farm management approaches with the field techniques of interviews and group discussions.

The AER Centres also compare, through resurveys of villages, two sets of data collected at two points of time, in order to assess the nature and degree of agro-economic change in the villages. The process of change is a complex phenomenon and reflects interaction of various exogenous and endogenous forces. The approach of comparing two sets of quantitative data relating to two points of time for understanding rural change is therefore inadequate. Analysis of the various forces of change operating in the village in temporal sequence is of far greater significance for understanding as well as policy making. Hence, the ethnohistorical and case study methods of anthropologists and sociologists have to be combined with the survey methods of the economists both at the stage of the first point survey and the resurvey for understanding the dynamics of village economy.

Besides, a researcher who has made a first point study of the village is better suited to conduct a resurvey of the village. He can identify the degree and direction of change in the village with relative ease and precision. It is, therefore, essential for the research organisation concerned to retain the staff who are doing village studies by providing adequate incentives and opportunities within the organisation. Another useful technique in the study of rural change is to retain contacts with the village during the period between the first and the second point surveys.

Conclusion :

The Indian village is a useful and relevant unit of study by the social scientists. As the Indian village has linkages with the outside in social, economic and political spheres, it cannot be studied in isolation. The proper approach to village studies is to comprehend the village in its totality including its linkages with the outside. The external forces should be conceived as parts of a wider system rather than as stray forces acting on the village. Further, attempts should be made to blend the methodologies of economics, anthropology and sociology with a view to understand the dynamics of the rural economy. The present tendency of over - emphasising the quantitative data should give way to a more balanced stress on the collection of both quantitative and qualitative data in the resurvey of villages by the AER Centres, the present method of comparing two sets of data collected at two points of time is not adequate. The ethno-historical and case study methods followed by anthropologists and sociologists should therefore be combined with the survey method of economists in order to help understand better the processes of change between two points of time. The face that India is a vast country with significant regional and local diversities in socio-economic features should not be ignored in making generalisations about regions on the basis of individual village studies. The appropriate approach to the study of rural society is first to make a general study with a view to identifying homogenous regions and building models, and then to undertake intensive studies of typical villages.

MADRAS INSTITUTE OF DEVELOPMENT STUDIES: PUBLICATIONS

publishers : (from whom copies may be ordered)
M/s. Sangam Publishers,
11, Sunkurama Chetty Street,
Madras-600001.

I. Books Published :

1. Income Earning Trends and Social Status of the Harijan Community in Tamil Nadu
   By A. Vagiswari (Price Rs. 12/-) Demy 8VO
2. Economics of Dry Farming in Tamil Nadu
   By R. K. Sampath and Jayalaxmi Ganesan
   (Price Rs. 15/-) Demy 8VO
3. Nutrition in Tamil Nadu
   By Rajammal P. Devadas (Price Rs. 15/-) Demy 8VO
4. A Guide to Research in Economics
   Edited by C. T. Kurien (Price Rs. 30/-) Demy 8VO
5. Land Reform in Tamil Nadu
   By G. Venkataramani (Price Rs. 15/-) Demy 8VO
6. Techniques of Perspective Planning
   Edited by Malcolm S. Adiseshiah (Price Rs. 15/-) Crown Quarto
7. Plan Implementation—Problems and Prospects of the Fifth Plan
   Edited by Malcolm S. Adiseshiah. (Price Rs. 9-40) Crown Quarto
   (Items 6 and 7 are a joint MIDS and ITES enterprise published by Tamil Nadu Government Press from whom they can be purchased)
8. Poverty and Wage Goods Supply in Tamil Nadu
   By M. Ramamurthy (Price Rs. 20/-) Demy 8VO
9. Women's Welfare in Tamil Nadu
   By K. G. Rama (Price Rs. 10/-) Demy 8VO
10. Minor Irrigation in Tamil Nadu
    By G. Venkataramani (Price Rs. 20/-) Demy 8VO
11. Small Fishermen in Tamil Nadu
    By C. Selvaraj (Price Rs. 10/-) Demy 8VO

II. In Print :

12. Rural Employment in Tamil Nadu
    By J. Viswanathamurthy and
    C. L. Narasimhan
13. Operational Efficiency of Small and Medium Plantations in Tamil Nadu
    By R. Ethiraj

III. Future Publications :

14. Rural Primary Education and Adult Literacy in Tamil Nadu
    By Alexander Joshua
15. Unemployment among the ITI Trainees in Tamil Nadu
    By T. C. Mohan
16. Rural Housing in Tamil Nadu
    By V. Rengarajan
17. Economics of Sugarcane Cultivation in Tamil Nadu
    By M. Srinivasan
18. Introduction to Mathematical Economics and Economic Statistics
    By N. Rajagopala Rao and
    V. Lakshmana Rao

Regd. No. M. 8831

MADRAS INSTITUTE
OF
DEVELOPMENT STUDIES
(M I D S)

The institute founded and run by Dr. Malcolm S. Adiseshiah is a charitable trust registered under the Madras Charitable Trusts Act.

The aim of the Institute is to contribute to the economic and social development in Tamil Nadu and India.

The activities of the Institute are:

—Studies and action-oriented research in micro-development problems;

—Documentation and library service in development programmes;

—Exchange and dialogue at the State, National and International levels on development issues;

—Publication of papers and research results of the Institute.

M. I. D. S.
LIBRARY
MADRAS

Printed by Aslami Printers, Arunachalapuram, Adyar, Madras-600 020.
Editor: Dr. Malcolm S. Adiseshiah.